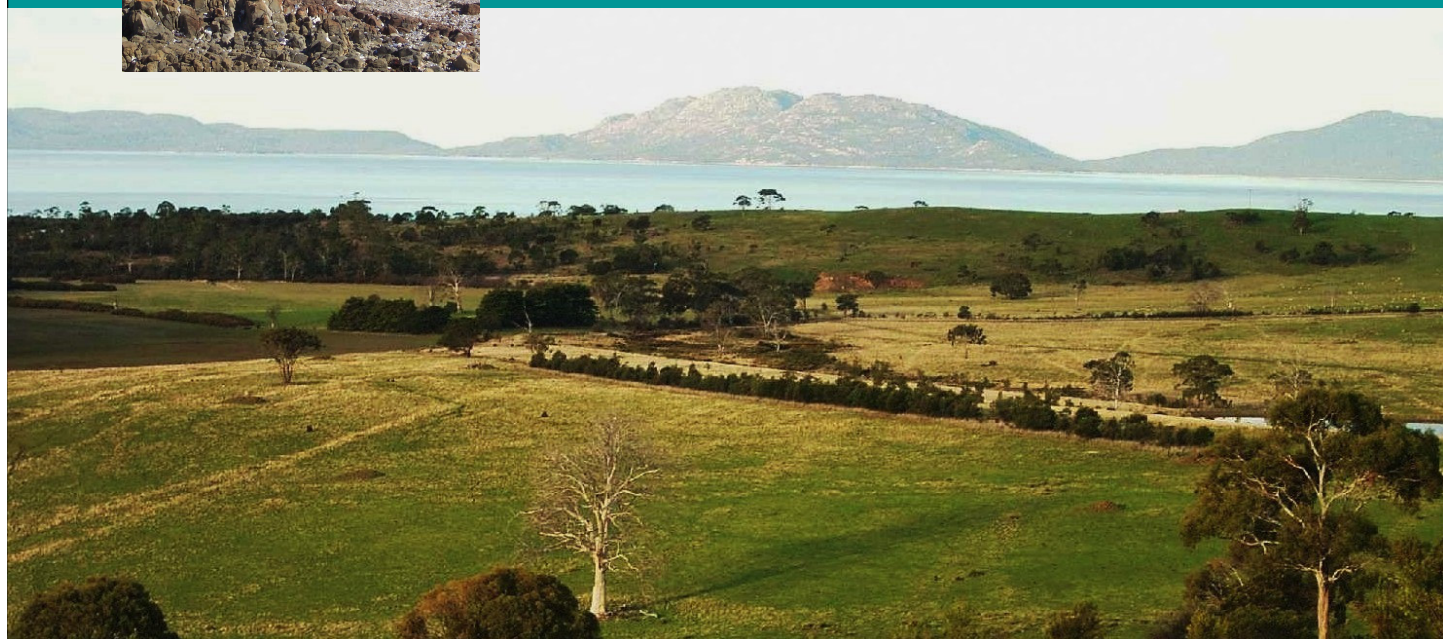


*Pathways to good practice in regional NRM governance*

# **Strengths and Challenges of Regional NRM Governance: Interviews with Key Players and Insights from the Literature**



**Michael Lockwood  
Julie Davidson  
Allan Curtis  
Rod Griffith  
Elaine Stratford**



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**OCTOBER 2007**

**REPORT NO. 4  
OF THE PROJECT**  
*Pathways to good practice in regional NRM governance*

## ***Pathways to good practice in regional NRM governance***

### ***Project overview***

Environmental degradation, including biodiversity loss and water quality decline, is a major problem facing Australia. Regional delivery of natural resource management (NRM) is the main mechanism for addressing such issues. Yet we lack fundamental understandings about the effectiveness and quality of regional NRM governance. Governance involves consideration of issues such as authority, accountability, representation, and consultation. It is a key determinant of the capacity of regional NRM institutions to make effective decisions and deliver outcomes. This interdisciplinary and collaborative project was conceived to assess the effectiveness of regional NRM governance and to develop a standard for good-practice NRM governance. The work focuses on nine NRM regions in NSW, Victoria and Tasmania. The objectives are to:

1. establish a theoretically robust understanding of good regional NRM governance;
2. develop a set of principles for good regional NRM governance;
3. describe regional NRM governance arrangements and structures, with particular reference to our nine partner regions;
4. assess the quality of NRM governance in our nine partner regions, as well as the state and national levels, against our governance principles and related themes;
5. identify aspects of regional NRM governance in our nine partner regions as well as the state and national levels, that should be targeted for improvement, and
6. develop a standard for good regional NRM governance that can be used to benchmark and track governance performance.

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Copies of these reports are available from: [www.geog.utas.edu.au/geography/nrmgovernance/](http://www.geog.utas.edu.au/geography/nrmgovernance/)

*Cover photographs:* Tasmanian East Coast (courtesy Kerry Bridle), Derwent Estuary (courtesy Ian Sansom).

## **CONTENTS**

|  |            |
|--|------------|
| <b>ABBREVIATIONS</b>                                     | <b>ii</b>  |
| <b>ACKNOWLEDGEMENTS</b>                                  | <b>ii</b>  |
| <b>EXECUTIVE SUMMARY</b>                                 | <b>iii</b> |
| <b>1. INTRODUCTION</b>                                   | <b>1</b>   |
| <b>2. METHODOLOGY</b>                                    | <b>3</b>   |
| <b>3. RESULTS OF PARTICIPANT INTERVIEWS</b>              | <b>5</b>   |
| <b>4. VIEWS FROM THE LITERATURE</b>                      | <b>38</b>  |
| <b>5. SYNTHESIS OF INTERVIEW DATA AND THE LITERATURE</b> | <b>47</b>  |
| <b>6. CONCLUSION</b>                                     | <b>53</b>  |
| <b>7. REFERENCES</b>                                     | <b>57</b>  |
| <b>APPENDIX 1. INTERVIEW SCHEDULE</b>                    | <b>59</b>  |

## **LIST OF TABLES**

|   |          |
|---|----------|
| <b>Table 1. Number of text blocks per principle, by respondent group</b>  | <b>5</b> |
| <b>Table 2. Standardised percentage text blocks per principle,<br/>by respondent group (those above 3% highlighted)</b> | <b>5</b> |

## Abbreviations

|        |   |
|--------|---|
| CAG    | Catchment Action Group                                  |
| CAP    | Catchment Action Plan                                   |
| CCMA   | Corangamite Catchment Management Authority              |
| CEO    | Chief Executive Officer                                 |
| CMA    | Catchment Management Authority                          |
| CMB    | Catchment Management Board                              |
| CMC    | Catchment Management Committee                          |
| DECC   | Department of Environment and Climate Change (NSW)      |
| DNR    | Department of Natural Resources (NSW)                   |
| DPI    | Department of Primary Industry (Victoria)               |
| DPIW   | Department of Primary Industry and Water (Tasmania)     |
| DSE    | Department of Sustainability and Environment (Victoria) |
| GB CMA | Goulburn Broken Catchment Management Authority          |
| GMW    | Goulburn-Murray Water                                   |
| IC     | Implementation Committee                                |
| ICAC   | Independent Commission Against Corruption               |
| IP3    | Investment Plan 3                                       |
| JSC    | Joint Steering Committee                                |
| MER    | Monitoring, Evaluation and Review                       |
| MOU    | Memorandum of Understanding                             |
| MSS    | Municipal Strategic Statements                          |
| NAP    | National Action Plan for Salinity and Water Quality     |
| NC CMA | North Central Catchment Management Authority            |
| NHT    | Natural Heritage Trust                                  |
| NRC    | Natural Resources Commission                            |
| NRM    | Natural Resource Management                             |
| PPA    | Pest Plant and Animals                                  |
| RCIP   | Regional Catchment Investment Plan                      |
| RCS    | Resource Condition Strategy                             |
| RIC    | Regional Investment Committee                           |

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## EXECUTIVE SUMMARY

The work presented in this report is an outcome from the Land & Water Australia funded project *Pathways to good practice in regional NRM governance*. This interdisciplinary and collaborative project was conceived to assess the effectiveness of regional natural resource management (NRM) governance and to develop a standard for good-practice NRM governance. The work is focussed on nine regions across Tasmania (Cradle Coast, South), Victoria (Corangamite, North Central, Goulburn Broken) and NSW (Central West, Murray, Lachlan, Northern Rivers), as well as the state jurisdictions of NSW, Victoria and Tasmania and the national level.

In this report, we assess the strengths and challenges of NRM governance in our nine partner regions, as well as the state and national levels, against eight governance principles and related themes. We undertake this task using (i) 55 interviews with key players from our partner regions, and associated government jurisdictions; and (ii) a review of the related literature. We synthesise our empirical data with insights from the literature and analyse the common ground and discrepancies between them. From this, we reach the following conclusions about the current strengths and challenges of NRM governance. Note that these conclusions principally apply to the nine partner regions and related state jurisdictions, as well as certain aspects of Australian Government involvement in the system. We do not make any claims about their applicability to the 47 other regional NRM bodies and other state and territory jurisdictions.

### *1. The legitimacy of the regional NRM system is moderate.*

- Regional NRM bodies are faced with managing tensions between legitimacy conferred on them by governments, and a perceived need to be recognised as separate from government in order to earn legitimacy from their communities.
- Autonomy is a real concern as a result of insufficient devolution of powers to regional NRM bodies by the Australian and some state governments. Equally, regional NRM bodies need to recognise and respect the legitimacy of governments' roles in the multilayer NRM governance system.
- Greater devolution should not exempt governments representing extra-regional interests or addressing national and international concerns and obligations.
- Personal integrity of the key players appears sound, with the commitment of regional decision makers and some stakeholders, a key strength.
- Processes and responses to 'conflict of interest' issues are sound, and probity-related matters are being effectively managed through codes of practice and training.
- Questions linger over the genuineness of some governments' commitment to NRM.

### *2. The transparency of regional NRM bodies is strong.*

- A range of communication and reporting media is used, often targeted to particular audiences and needs.
- Regions that are less mature or relatively resource-poor recognise a need for improvement.

3. *The accountability of the regional NRM system is moderate.*

- Upward accountability of regional NRM bodies to government is well established and continues to be strengthened.
- Reporting requirements imposed by governments are generally perceived to be unnecessarily complex and demanding.
- Role clarity is a key accountability weakness, both at a systems level and for particular NRM activities (water, native vegetation and pest plant and animal management).
- Clarification of roles, responsibilities and accountabilities is needed (i) for all organizations involved in Australian NRM; and (ii) on the status and functions of the various strategic plans and operational instruments.
- Downward accountability of regional NRM bodies to their communities is required for democratic NRM governance, suggesting a need to continue strengthening earned legitimacy and inclusive governance practices.

4. *The inclusiveness of the regional NRM system is moderate.*

- All participants are strongly committed to inclusive governance, which is considered by some regions to be a strength of the system.
- Establishing effective engagement with several key stakeholders – Indigenous communities, ‘care’ groups, local governments, agribusiness, urban and environmental constituencies – remains a significant challenge.
- Engagement of regional actors in higher-level processes is currently inadequate – inclusion of regional NRM representatives in higher-level coordination and decision-making is a desirable governance reform.
- Wider societal and environmental concerns tend to be under-represented at the regional level – this demands a strengthening of the system as a whole, as it is at the state and national levels where such concerns are best represented and pursued.

5. *The fairness of regional NRM bodies is moderate to strong.*

- Decision-making procedures generally ensure consistency and absence of bias in decision-making.
- The tension between a strategic approach and the disproportionate allocation of NRM benefits across areas and sectors remains a concern.
- The use of formal procedures to track, justify and communicate the distribution of costs and benefits arising from NRM decisions is desirable.
- More effective conflict management would improve governance fairness.
- Fostering a culture of mutual respect, active listening and honesty, where lack of distortion, manipulation and deception are the norm, would assist fairness.

6. *The integration of the regional NRM system is weak to moderate.*

- Alignment of broad NRM direction across national, state and regional levels generally appears sound.
- Inadequate vertical and horizontal connection and coordination is leading to sub-optimal system-wide performance.
- Integration of NRM policy and action across national, state and regional levels is patchy, and where present, often superficial.

- National and state leadership is required to bring all the efforts into a coordinated program that is delivering significant large-scale outcomes.
- Horizontal integration between CMAs is patchy, but strengthening, although competition between regions remains a barrier.
- Effective partnerships and projects between regional NRM bodies and with other regional NRM providers are being developed.
- The tensions and contradictions of operating in a competitive business environment and the imperative for partnership building are ongoing governance challenges for regional NRM bodies.

7. *The capability of the regional NRM system is moderate to weak.*

- Regional NRM bodies generally have well-established business systems, and those that do have deficiencies are making it a priority to remedy the shortcomings.
- Board and staff members of regional NRM bodies are generally high calibre and experienced, though remote and chronically under-resourced regions are disadvantaged.
- The level of investment in NRM continues to produce a significant capability deficit, but even more important is the manner in which funding is delivered and constrained by governments – more durable and flexible funding arrangements are needed.
- Knowledge management systems are generally of limited effectiveness and in some cases poorly developed – knowledge management is a major long-term challenge for governments, research providers and regional NRM bodies.

8. *The adaptability of the regional NRM system is moderate to weak.*

- System-level adaptability is made difficult by cumbersome and time consuming amendment processes, institutional fragmentation and related transboundary issues, tensions between competing interests, and poorly integrated knowledge generation and management.
- Few regions have fully operational systems to make them learning organizations. State and national level processes are also under-developed.
- Current and emerging monitoring, evaluation and review systems adequately provide for accountability but are insufficient to enable an operational adaptive management capacity.
- Governments need to provide leadership in developing adaptive capability while all organizations have to tackle current antagonistic cultural and institutional conditions.

While the governance weaknesses indicated above need to be acknowledged and addressed, they do not constitute fatal flaws in the structure of the current multi-level model of regional delivery. The overwhelming view of those interviewed, and one with which we concur, is that the regional model is generally sound and should be allowed time to fulfil its potential. For this to occur, however, significant advances are required in aspects of system and regional level governance, particular those related to integration, capability and adaptability. In this regard, we note that there appears to be a high level of commitment to the regional NRM approach and a willingness to meet these challenges.





# 1. INTRODUCTION

The work presented in this paper is an outcome from the Land & Water Australia funded project *Pathways to good practice in regional NRM governance*. This interdisciplinary and collaborative project was conceived to assess the effectiveness of regional NRM (natural resource management) governance and to develop a standard for good-practice NRM governance. The work is focussed on nine regions across Tasmania (Cradle Coast, South), Victoria (Corangamite, North Central, Goulburn Broken) and NSW (Central West, Murray, Lachlan, Northern Rivers), as well as the state jurisdictions of NSW, Victoria and Tasmania and the national level.

The project objectives are to:

1. establish a theoretically robust understanding of good regional NRM governance;
2. develop a set of principles for good regional NRM governance;
3. describe regional NRM governance arrangements and structures, with particular reference to our nine partner regions;
4. assess the quality of NRM governance in our nine partner regions, as well as the state and national levels, against our governance principles and related themes;
5. identify aspects of regional NRM governance that should be targeted for improvement in our nine partner regions as well as the state and national levels; and
6. develop a standard for good regional NRM governance that can be used to benchmark and track governance performance.

This report addresses Objectives 4 and 5. It presents the outcomes from qualitative interviews that provide descriptive data on the quality of NRM governance in our nine partner regions, as well as state and national levels. These data are organised according to the governance principles developed in the project, as well as a number of subsidiary themes. The development of the principles is described in Davidson *et al.* (2006).

Since publication of this report, the principles therein have been further refined through consultation with our research partners and subsequent re-consideration by the research team. More details on the process used to develop the principles are given in Lockwood *et al.* (2007). The eight principles are as follows:

## *Principle 1. Legitimacy*

Legitimacy refers to (i) the validity of an organization's authority to govern that may be (a) conferred by democratic statute; or (b) earned through the acceptance by stakeholders of an organization's authority to govern; and (ii) the integrity and commitment with which this authority is exercised.

## *Principle 2. Transparency*

Transparency refers to (i) the visibility of decision-making processes; (ii) the clarity with which the reasoning behind decisions is communicated; and (iii) the ready availability of relevant information about the governance and performance of an organization.

*Principle 3. Accountability*

Accountability refers to (i) the allocation and acceptance of responsibility for decisions and actions; and (ii) the demonstration of how these responsibilities have been met.

*Principle 4. Inclusiveness*

Inclusiveness refers to the opportunities available for stakeholders to participate in and influence decision-making processes.

*Principle 5. Fairness*

Fairness refers to (i) the respect and attention given to stakeholders' views; (ii) consistency and absence of personal bias in decision-making; and (iii) the consideration given to distribution of costs and benefits of decisions.

*Principle 6. Integration*

Integration refers to (i) the connection between, and coordination across, different levels of government; (ii) the connection between, and coordination across, organizations at the same level of governance; and (iii) the alignment of visions and strategic directions across governance organizations.

*Principle 7. Capability*

Capability refers to the systems, resources, skills, leadership, knowledge and experience that enable organizations, and the individuals who direct, manage and work for them, to deliver on their responsibilities.

*Principle 8. Adaptability*

Adaptability refers to (i) the incorporation of new knowledge and learning into decision-making and implementation; (ii) anticipation and management of threats, opportunities and associated risks; and (iii) systematic self-reflection on organizational performance.

In the next section, we describe the method used to collect and analyse information from interviews with our partners on the strengths and challenges of regional NRM governance. Results from the interviews are given in Section 3. In Section 4, we then present a short review of the academic literature that has examined the Australian regional NRM experiment. A synthesis of our empirical data with insights from the literature is given in Section 5, where we analyse the common ground and discrepancies between the empirical and academic material. In Section 6, we offer conclusions about the current strengths and weaknesses of NRM governance in our partner regions as well as in the related state and national jurisdictions.

## 2. METHODOLOGY

Data for Section 3 of this report were collected using a series of qualitative interviews held with representatives from our nine partner regions, as well as the state jurisdictions of NSW, Victoria and Tasmania and the national level. Representatives from the board and staff of the following regional NRM bodies were interviewed:

- Corangamite Catchment Management Authority (CMA);
- North Central CMA;
- Goulburn Broken CMA;
- Murray CMA;
- Lachlan CMA;
- Central West CMA;
- Northern Rivers CMA;
- Cradle Coast NRM; and
- NRM South.

Interviews were also held with NRM staff from the NSW, Victorian, Tasmanian and Australian Governments, as well as with an advisor operating at the national level. The selection of participants, interview schedule and handling of data were approved by the University of Tasmania Human Research Ethics Committee. Consistent with the approved procedure, this report preserves the anonymity of participants. A total of 55 participants were interviewed. Participants are referred to according to a code based on whether they operate at regional, state or national levels and, if the regional level, whether they are a board member or staff of the regional NRM body. A numerical subscript is used to indicate where more than one participant was interviewed from a particular category. The participant codes are as follows:

- |                                       |   |
|---------------------------------------|---|
| • NB <sub>1</sub> to NB <sub>8</sub>  | NSW Regional Body Board                             |
| • NS <sub>1</sub> to NS <sub>11</sub> | NSW Regional Body Staff                             |
| • NG <sub>1</sub>                     | NSW Government                                      |
| • VB <sub>1</sub> to VB <sub>7</sub>  | Victorian Regional Body Board                       |
| • VS <sub>1</sub> to VS <sub>8</sub>  | Victorian Regional Body Staff                       |
| • VG <sub>1</sub>                     | Victorian Government                                |
| • TB <sub>1</sub> to TB <sub>7</sub>  | Tasmanian Regional Body Board                       |
| • TS <sub>1</sub> to TS <sub>6</sub>  | Tasmanian Regional Body or Regional Authority Staff |
| • TG <sub>1</sub> to TG <sub>2</sub>  | Tasmanian Government                                |
| • AG <sub>1</sub> to AG <sub>3</sub>  | Australian Government                               |
| • AA <sub>1</sub>                     | Australian Advisor.                                 |

Each interview was conducted by two members of the research team. One team member asked the questions; the other took notes and recorded the session. Recordings were made as a back-up. In the event, the notes were the only data form needed for the analysis. Draft transcripts were constructed from the notes, and sent to the participants for checking. Several participants made amendments to the draft transcripts of their interviews. In these cases, a revised transcript was produced. Most interviews were with one participant, with several group interviews also conducted at the request of members of the participating regions.

The interview format and question schedule were pre-tested with the Tasmanian regional body, NRM North. As a result, minor adjustments were made to the order and timing of the sessions. The final interview schedule is given in Appendix 1.

A content analysis of the interview transcripts proceeded as follows. The research team met and, drawing on the overall experience of the interviews, developed a draft set of themes under each governance principle. One member of the interview team then selected discrete text blocks from each transcript, each of which constituted a single point being made by the participant. Each text block was then categorised under a principle and theme. Blocks that were difficult to classify were grouped separately. Text blocks not related to the research objectives were not included. The initial classification was checked by a second member of the interview team, and any differences resolved by the team members. The result was a draft spreadsheet of classified text blocks, coded according to the corresponding participant.

This draft spreadsheet was then re-analysed by two research team members, who allocated a category to the unclassified text blocks, and resolved several inconsistencies and inappropriate classifications. By this stage, the original set of principles had been revised, so the classification was updated to reflect the final eight principles listed in Section 1. During this process, some revisions were also made to the themes. Text blocks in the final spreadsheet under each principle and theme were then integrated and summarised.

The next section offers a summary of the content analysis, using example text blocks for each principle and theme.

### 3. RESULTS OF PARTICIPANT INTERVIEWS

In all, 1,059 text blocks were identified and classified, first by the principle most closely related to the content of the block, and second by a keyword (theme) derived from the definitions of each principle given in Section 1. Before going into detail of the governance strengths and weaknesses associated with each principle, we first present an overview of the emphases given to each principle by the participants, as indicated by the relative numbers of text blocks. Examining the breakdown of text blocks by respondent groups (total and per-respondent) is also instructive. We then detail the content of participants' comments, organised according to each principle.

Table 1 indicates the number of text blocks per principle, by respondent group. Comments regarding the capability, legitimacy and integration dimensions of governance predominated. Inclusiveness, adaptability and transparency received a moderate level of commentary, while relatively few comments were made about accountability and fairness.

**Table 1. Number of text blocks per principle, by respondent group**

|                   | Legitimacy | Accountability | Transparency | Inclusiveness | Fairness | Integration | Capability | Adaptability | Total |
|-------------------|------------|----------------|--------------|---------------|----------|-------------|------------|--------------|-------|
| <b>Total</b>      | 201        | 35             | 95           | 143           | 29       | 195         | 248        | 113          | 1059  |
| <b>Percentage</b> | 19         | 3              | 9            | 14            | 3        | 18          | 23         | 11           | 100   |

**Table 2. Standardised percentage text blocks per principle, by respondent group (those above 3% highlighted)**

| Respondent Group          | Legitimacy | Accountability | Transparency | Inclusiveness | Fairness | Integration | Capability | Adaptability | Total |
|---------------------------|------------|----------------|--------------|---------------|----------|-------------|------------|--------------|-------|
| NSW Regions               | 2.9        | 0.8            | 1.3          | 2.6           | 0.4      | <b>3.2</b>  | <b>3.8</b> | 1.8          | 16.8  |
| NSW Government            | <b>5.3</b> | 1.5            | <b>3.0</b>   | 0.0           | 0.0      | <b>4.5</b>  | 0.8        | 1.5          | 16.6  |
| Victorian Regions         | 1.7        | 0.4            | 1.9          | 1.9           | 0.4      | 2.3         | <b>3.1</b> | 1.7          | 13.3  |
| Victorian Government      | 2.3        | 0.0            | <b>3.0</b>   | 0.0           | 0.8      | <b>4.5</b>  | <b>3.0</b> | 0.8          | 14.3  |
| Tasmanian Regions         | <b>3.6</b> | 0.3            | 0.7          | 1.4           | 0.5      | 2.2         | <b>3.5</b> | 1.4          | 13.6  |
| Tasmanian Government      | 2.6        | 0.0            | 0.4          | <b>3.0</b>    | 0.4      | <b>3.0</b>  | <b>4.9</b> | 0.4          | 14.7  |
| Australian Gov. & Advisor | <b>3.2</b> | 0.2            | 0.4          | 1.3           | 0.4      | 2.1         | 2.3        | 0.9          | 10.7  |
| <b>Total</b>              | 21.5       | 3.1            | 10.7         | 10.3          | 2.7      | 21.8        | 21.3       | 8.5          | 100.0 |

Percentage responses for each respondent group, standardised to account for the relative numbers of participants in each group, are given in Table 2. Some interesting differences between groups are apparent. NSW government participants mainly made comment on legitimacy, integration and transparency, while NSW regions were more concerned with capability, as well as integration. Victorian government participants focussed on integration, transparency and capability, while Victorian regions emphasised capability. Tasmanian government participants highlighted capability, integration and inclusiveness, while the regions spoke most about legitimacy, as well as capability. Australian Government participants gave emphasis to the legitimacy dimension of governance. The state agency participants thus had a common emphasis on integration, and the regions had a common emphasis on capability. Transparency was also an important component for NSW and Victorian government participants.

## **Legitimacy**

Keywords: *commitment, conferred, earned, integrity*

Tasmanian participants noted the relative immaturity of their institutions, and the consequent need for strong long-term government support to allow the system to develop its potential. There was a concern that if policy changes too rapidly, there is not the opportunity for such consolidation and maturation to occur, thereby threatening the achievement of outcomes. Tasmanian participants were also concerned about the mismatch between government expectations and their level of support.

Policy and institutional change was also raised in NSW, but with more emphasis on the relationship between these, durability and legitimacy: “durability and consistency gives you legitimacy in the community” (NB<sub>2</sub>). The need for durability and on-going commitment from governments to earn legitimacy for the system was also noted in Victorian and NSW regions:

We’ll come and go – CMC [Catchment Management Committee<sup>1</sup>], CMB [Catchment Management Board], CMA – CMZ might be next but we need to leave a legacy in the community. The community has to feel that they have a say in it all because they are the ones who will make the difference. There will be durability in the whole system (NB<sub>1</sub>).

We are in an industry that is new, that takes a long-time to show results and we are into cultural change so we need a lot of consistent and persistent attention. If we don't watch out we will be like the agencies in the past where there were lots of reports that went nowhere. CMAs must insist on durability of policy and get the government to understand that we have a 20 year time-frame (VB<sub>1</sub>).

The conferred nature of regional NRM bodies’ legitimacy was a source of concern in the sense that the regional bodies themselves had no say in their own creation. Legislation was also recognised as a two-edged sword. On the one hand it imparted an authority to regional planning and action in Victoria and NSW:

---

<sup>1</sup>Square brackets are used to identify explanatory notes or interpolations made by the authors.

Legitimacy: I see that as a strength. We have clear authority under certain Acts (VS<sub>1</sub>).

The legislative base; and roles and responsibilities are clearly defined. As a result there is no ambiguity and a lot of stability as a result (NG<sub>1</sub>).

On the other hand, it necessitated strategies that emphasise a separation from government in order to establish community (earned) legitimacy:

It's about building trust – the link with government is a constraint on the public perception. The name 'authority' gives the community the wrong impression. Our perception is that it is somewhere that they can get advice and information whereas they see us as a regulator, as the compliance organization but we call in the DNR [the then Department of Natural Resources] to do the regulation (NS<sub>3</sub>).

There's a big concern among landowner groups that NRM not be seen as government. We don't have a regulatory role and they don't want us to do that. NRM organizations are a link between community and government (TB<sub>3</sub>).

The substantial reliance on incentive-based instruments means that earned legitimacy is essential to the effective functioning of regional NRM bodies. Again this reliance is seen to be both a blessing and a curse:

We don't have regulatory power – carrots only, no sticks – this has both advantages and disadvantages – we could be a bit more responsive to regional needs – we could do more regulatory work (TB<sub>2</sub>).

From a government agency perspective (AG<sub>2</sub>), state government oversight in those jurisdictions with statutory regional NRM bodies makes for a less risky system, reducing the likelihood that 'rogue' regions pursue a unilateral agenda or become dysfunctional. As the system matures, it was also noted that system-wide recognition of a three-way national-state-regional partnership is emerging:

Initially they [regional NRM bodies] thought of themselves as completely independent and they couldn't see that they were partners with government. The relationship is maturing and heading in the right direction (NG<sub>1</sub>).

While there was some divergence of opinion, participants generally lamented insufficient devolution of powers (as distinct from responsibilities) by governments. Trust was raised as a key element by both government and regional participants:

This has been a huge project of letting go for state governments and the Australian Government to back the locals – agencies still resent it. Why give all this money to a bunch of yokels—we can do a better job? (AG<sub>1</sub>).

There is resistance by DNR who would rather command and control be given back to them. They haven't got comfortable with devolved governance (NS<sub>1</sub>).



The Memorandum of Understanding with DNR does not give enough recognition [to the NSW regional NRM body] as independent authority (NS<sub>2</sub>).

More independence is the key ... We might get some more authority later on – we've demonstrated enough to earn it (NB<sub>3</sub>).

[Our region] has a lot of responsibility but doesn't have the powers it needs – you've got others looking over your shoulder all the time (TB<sub>1</sub>).

The Australian Government thinks they are the core – they are not independent investors and they influence all along the chain. They devolve but they never let go (TB<sub>6</sub>).

Our biggest challenge is bureaucrats that try to control us. Every time we challenge DSE [Department of Sustainability and Environment] they claim we are threatening good governance ... We have the silly situation where our board is constrained in its ability to get on with their job, which is absurd given the quality of the board and compared with the staff that they have to report to in DSE (VS<sub>2</sub>).

At least one region also objected to modifications forced on their Resource Condition Strategy (RCS) by state and Australian governments, which undermined the community-based legitimacy and ownership earned through participatory planning processes:

One of the biggest problems we had last time with our RCS was that we thought we were developing a vision driven by our community. The state and Commonwealth didn't see this and thought it was their document. But two thirds of our catchment is managed by private landholders. Not just that they will be asked to do the work, they will also be paying for it. The full document – we didn't own it so much in the end as it was tampered with so much. We will want to change that next time as that was not a good process (VS<sub>7</sub>).

However, the level of earned legitimacy, as demonstrated by community acceptance of and confidence in regional NRM bodies, is patchy and seen as a key challenge by some regions:

The challenge has been to get the confidence of lots of our landholders. We've taken the line to educate and make direct contact rather than contracting work out to Landcare groups although we're also trying to keep the confidence of these groups. That relationship is strained because they see it as us taking away a service, that is, a coordinator. What we've got to do is give the groups some power for themselves (NS<sub>1</sub>).

Some stakeholders do not have a good understanding of the powers, purposes and constitution of regional NRM bodies, while others simply do not know of their existence. This lack of awareness constitutes a significant impediment to achieving higher levels of earned legitimacy, especially in Tasmania:

People understand state government and community groups but it's hard to put us in a box and define us (TS<sub>1</sub>).

Most farmers would not be aware of NRM – the organization has a branding issue (TS<sub>2</sub>).

Legitimacy may come down to good promotion. Their important role is to bring the stakeholders together – it's the first time a particularly broad range of stakeholders has been brought together. But the NRM organizations are slow to be known and understood (TG<sub>1</sub>).

Nonetheless, several participants in each jurisdiction consider that community acceptance of regional NRM is a strength of the system that is being built through engagement, developing effective partnerships, and on-ground achievements:

We've held various activities such as field days, which have been well-attended. These are an indication of people accepting what we're about. One on soil structure had 150 people attend. People are concerned to look after their soil and those things help to legitimise and assist inclusiveness on the terms of the stakeholders (TB<sub>4</sub>).

We had issues with farmers and care groups – we gained that legitimacy by the delivery of funds and projects – the stakeholders didn't know that the process was okay until it delivered. Legitimacy comes with outcomes (TB<sub>5</sub>).

Our legitimacy comes from developing those relationships and developing our standing among our partners. We've made some real strides in developing those partnerships – ensuring our major stakeholders are in the tent – making sure the Tasmanian Farmers and Graziers Association and local governments are part of what we are. It's really early days. The legitimacy has to be at the level of population support that comes from putting together these coalitions and networks (TB<sub>3</sub>).

We do have the community's confidence more now than at any time in the past. I've been around here 15 - 20 years now in NRM and the community and it's the first time that I've been in senior management that the organization is not being bashed politically (NS<sub>5</sub>).

People seem to know of the CMA and to see it as worthwhile. The farming community where I grew up, they are fully aware of the CMA and are involved in projects with it (VS<sub>3</sub>).

There is a large and growing respect for the CMA. We used to send out invites for the Board dinner and half would turn up. I've just sent out invites, and we are now able to get really high-level folks, including Ministers etc. Our community surveys show that awareness of the CMA is growing, particularly given the large population in the area (VB<sub>2</sub>).

There was a degree of disaffection with the comparatively poor governance performance of some government agencies, reflecting a failure of these agencies to earn legitimacy from their regional NRM bodies, and causing embarrassment amongst some government NRM staff:

I noted the above matters [lack of support, demonstrably incompetent people, micro-management, poor internal communication within DSE] to illustrate the unsatisfactory governance environment in which the CMAs operate. The need for the CMAs to deliver on extensive responsibilities should not be frustrated by the very department that should be our primary partner (VB<sub>4</sub>).

By comparison, DSE's corporate governance is pretty embarrassing. DSE is not too good at tracking its own funds or managing its own budgets. I am not sure that this is a big problem in itself, but it does create scepticism in CMA land (VG<sub>1</sub>).

The State Government hasn't got its own governance right. There is none of what you are doing [our good governance principles] or the NRC [Natural Resources Commission] standard applying there. DNR has been restructured five times and it's no wonder they are paranoid. They are just not trained in some of this (NS<sub>5</sub>).

There was also some sensitivity to NSW Government agency glitches and delays that had made some regional NRM bodies' task of earning legitimacy more difficult:

There was a backlog of funding in the NHT<sub>1</sub>-NHT<sub>2</sub> hiatus, which undermined community commitment. Also when the new process started, people didn't understand what the CMAs were all about – there was disillusionment with the CMAs (NB<sub>2</sub>).

A video-based computer tool and it's full of mistakes, glitches and holes. It takes so long to go through its processes. It was supposed to be a one-day process. It may take three days to collect data and 10 days to run it. DNR developed it, then walked away somewhat. It's so frustrating to use, if it shows a red light – the show is over – there is no negotiating – it puts the officers in a bad position. The big challenge is that the public has an expectation and they are told that they can negotiate but the computer program says 'no, you can't negotiate' and the farmers are frustrated (NS<sub>4</sub>).

Regional NRM bodies generally considered that their processes and responses to 'conflict of interest' issues are sound, and that probity-related matters were being effectively managed through codes of practice, training and procedures. The systems and culture are generally in place to support and require the integrity of regional NRM boards and staff, and several examples were given of where such procedures are being effectively used to prevent inappropriate behaviour:

Conflict of interest: I think processes are pretty good and I haven't seen any problems emerge. There have been examples where the board is approving a package where some of us have an interest in Landcare groups ... But, we raised our hand and declared our interests. It is always raised at each meeting ... It starts really at the board level where there are very well developed and sound governance procedures. We have a corporate governance manual and a board charter ... It took a while to get developed, but now good and filtering down the organization, where not only are the elements of good governance known and accepted but they are being implemented ... Many of the procedures in place, in the financial area for instance, we are quiet happy with. There were a couple of

attempts to defraud the organization, cheques being cashed overseas, and our processes picked this up (VB<sub>5</sub>).

I think we have enough checks and balances. The only one we have really had to deal with was a Landcare one – a charge was brought to us that all the work where money was spent went on the president's and secretary's properties and the treasurer had not seen a financial statement for ages ... We therefore asked our independent auditors to do an audit which came to our audit committee. While no case of fraud was evident it was clear that their practices were deficient and since then we have provided basic 'tennis club' level governance training (VB<sub>4</sub>).

At IC [implementation committee] level there are great difficulties. I saw an IC member push for works to be done in his area and his son had an ability to influence where contracts went and these went somewhere that the father had links. We investigated and warned the guy (VB<sub>7</sub>).

There was the generic public service code but we had the staff write a new code of conduct. They actually strengthened it and we now do an annual refresher. There is opportunity for staff input to review and modify as needed. Staff members sign this code (NS<sub>7</sub>).

The one area that can be challenging is sponsorship. We have sponsorship from [company name]. We had a long discussion on whether we wanted to partner with them. We had a long list of criteria for them to conform to before we partnered them. We don't provide the names of project recipients to [company name], that is, they don't have any access to our database. We just hand out the company's brochure. There's a question of whether we should publish details of our funding decisions. We keep a register available that people can ask to see (NS<sub>6</sub>).

Nonetheless, a few instances of misuse of influence were raised:

There are probably some rogue and personal agendas involved, and we are aware of this but I'm not sure we manage that or are in a position to resist that (VS<sub>1</sub>).

The process (for appointment of board members) was that there were expressions of interest for appointment and although these were supposed to be skills-based, some weren't. About 80% are but the process has unravelled a bit since then. I worry about it from here on in. For example, a woman retired from the board and it took us over a year to replace her because our recommendations sat in the Minister's office – there is a perception that he ultimately appointed a 'mate' (NB<sub>4</sub>).

The evidence from our participants suggests that the legitimacy of the regional NRM system is generally strong, and strengthening. Systems and personal integrity are in the main acceptable, and in some cases exemplary. Earned legitimacy is adequate and growing, with several regional NRM bodies making significant efforts in this regard. As indicated under *inclusiveness* below, particular attention needs to be paid to strengthening legitimacy with the 'care' groups, local governments and with Indigenous communities. Concerns remain about insufficient devolution of powers and autonomy by governments

to regional NRM bodies. Enhanced trust in and commitment to the system by governments is required – a somewhat ironic conclusion, given that the system was a creation of these governments in the first place, but one that can be readily explained by the propensity of governments to devolve responsibilities for ‘wicked problems’ while retaining control over the means by which they can be addressed. An improved level of performance by some government NRM agencies is also suggested.

## **Transparency**

Key words: *availability of information, clarity of reasoning, visibility of decision-making*

This topic did not receive much attention from participants. Comments generally indicated a solid transparency performance. A range of communication media are being used, often targeted to particular audiences and needs, and several regions are satisfied with their information services:

When we first started there were lots of little newsletters put out around the catchment. We started to bring them into a whole of catchment format as well as their own local matters. We’ve just appointed a communications officer. Information from the community is fed in through the CAGs [Catchment Action Groups] who each consist of 10 -12 people and that’s a lot of information and then we have our staff directly liaising with farmers. It is a hands-on, on-the-ground model (NB<sub>5</sub>).

Given the resources, we do very well – we put out a newsletter quarterly – it is tailored to the audience including DPIW [Department of Primary Industries and Water], community groups etc. Let’s do quality, let’s be informative, let’s pitch multiple messages, we need to ramp it up. Information doesn’t feed down to the community well and word of mouth is the biggest method at present (TS<sub>3</sub>).

Nonetheless, regions that are less mature or relatively resource-poor recognised a need for improvement:

The CMA is doing well at getting community feedback – we could do better with how we deliver our information to the community (NB<sub>2</sub>).

Our communications include keeping our website up and getting our newsletter out – these are a real struggle. We don’t have a designated officer. I do it one day per fortnight (TS<sub>4</sub>).

Participants offered several examples of where “the board minutes are available publicly” (NB<sub>6</sub>), where regions have “put in place decision-making processes and protocols” (VB<sub>7</sub>), and where reasons for decisions are clearly articulated and promulgated:

The process is documented so that we can justify our decisions to anyone including the board, who are sometimes a bit parochial. It is a systematic way of looking at it. The board question us regularly – we can walk them through the process ... With the bush recovery program, we have a matrix which shows why money goes to particular individuals rather than others. It is complex but can still be traced ... We’ve developed our own ranking system based on the

environmental services index which is shaped for this area and the process is all transparent (NS<sub>5</sub>).

Use of such processes and tools is not, however, ubiquitous. As with availability of information, some regions highlighted aspects of transparency that need improvement:

Transparency: I think it could probably be better. We are putting out an information sheet after each Board meeting. We could better articulate the reasons for decisions ... The challenge for us is to explain what we're doing and in user-friendly terms. We put a lot of effort into justification but when our decisions get out into the public we don't condense the explanation of why we've chosen certain priorities; we don't explain that our decisions are driven by government requirements and the need to plan. Our plan is not in an easily digestible form for the average user – it needs to be more accessible (VB<sub>6</sub>).

I say to staff 'how will your decision look to the person in the street?' It is a key challenge for the organization ... I want to be able to justify our decisions to anyone in the context of our values. I hate to hide behind commercial-in-confidence and freedom-of-information as some do. Your processes should be robust enough to withstand any scrutiny (NS<sub>7</sub>).

## **Accountability**

Key words: *reporting, role clarity*

Financial accountability was generally regarded as being very good. Auditing of finances, project management and resource allocations appears to be a widespread practice:

Our financial accountability is solid ... we've had a solid financial system since day one ... We have accountable contract processes (TS<sub>5</sub>).

We're doing well at accountability to the community and commitment to that at all levels. We achieve that through allocation of resources and communication of decisions. The CMA is well recognised for that in the community. We are very conscious of probity in terms of pecuniary interests and in sharing of knowledge (VB<sub>2</sub>).

The accountability in the CMA would be 50 times greater than in the public service ... The main areas of exposure are in finance – we have processes to approve projects, check projects, probity, pecuniary interests, and conflict of interest. We've had advice from ICAC [Independent Commission Against Corruption] on handling government funds, regulating processes for approving funds for vegetation management, and a code of conduct that is signed each year by staff (this is staff-driven) (NS<sub>6</sub>).

Accountability of getting a job done is a lot stronger. We have a process where we keep a track on that from month-to-month. Accountability through to management and then through to the board is now good. This also goes down to team leaders and to project officers. Reports are made every month on progress

and risks and reasons why we might not be delivering on what we said we would (VB<sub>3</sub>).

We've also been audited by Deloitte, who conducted an audit of all our corporate governance – it was a risk management study of the whole business – we got a good score-card (NB<sub>4</sub>).

The NSW Government participant agreed that the regional NRM model is providing a greater degree of accountability than was evident in the operations of the previous Catchment Management Boards (CMBs):

One of the big governance issues from my point of view is the documentation of their accountability – [they have been] moved them from quarterly to six-monthly reporting – it's also the acquittals, the closing of projects; it's finding that they are absolutely transparent about their financial position, predictions for cash flows and so on. Under the old CMBs it was a bit of a mishmash but the new model is more accountable with the CAP [Catchment Action Plan], a three-year rolling investment strategy and a one-year budget (NG<sub>1</sub>).

Several regions made reference to the fact that in some cases effective accountability was hard-won, and has taken some time to establish:

Within the organization we did not have clear levels of authority, delegations, or systems in place to account for what we do and effectively manage the finances. There was a lot of frustration about this and a huge amount of work, so that we now know where we are at financially, where our risks are, and how we are managing these matters (VB<sub>3</sub>).

In NSW, the NRC standard was widely seen as a useful tool to provide accountability:

I'm in love with the NRC standard – it's a way to validate ourselves. We can pull out the standard and then put our case. If you've documented and adhered to the standard, you can easily prove your case (NS<sub>4</sub>).

However, Victorian regions frequently commented on unnecessarily complex and demanding reporting requirements, and to a lesser degree these comments were echoed in other jurisdictions:

The amount of reporting is completely over the top given the responsibility given to the board, and the level of checks already in hand. The level of micro management is hugely inefficient. Red tape reduction is critical to success. We need more financial autonomy. We need to make proper use of boards who have demonstrated competence in governance (VB<sub>1</sub>).

I think that as long as you have good corporate governance in place, annual reporting should suffice. From a community point of view quarterly reporting and the requirement to submit a lengthy final report for Australian Government funds received is taxing (VS<sub>4</sub>).

There are still concerns about the extent of reporting to state government. I am not saying there shouldn't be comprehensive reporting, just that there is a need to avoid duplication ... There is a need to get it to the stage where reporting can be done more efficiently, and not diverting time from carrying out other elements of project management (VB<sub>5</sub>).

Reporting to government: I'd love to see that modified. New accounting process here will do the financials and do the reporting. The Victorian Government will accept our new processes and I'm hoping the Feds will as well. I've seen some frustrated staff here at times (VB<sub>6</sub>).

There seems to be a lot of reporting to a lot of bodies – state government, Australian Government, annual implementation plan – all the same things to different people. There's a lot of repetition and duplication. The best thing would be just one standard report for everyone (NS<sub>8</sub>).

Role clarity and allocation regarding water, native vegetation and pest plant and animal management were raised as concerns, particularly in Victoria:

Native vegetation is a dog's breakfast in terms of DSE having responsibility – it rears its head at local government level, but neither of them have the resources to deliver or prosecute enforcement. That is an interesting thing about the Statement of Obligations – some things the CMAs have to do, others we do as resources permit. What a let out for government! For example, levee banks – what would happen if something went wrong? The board decided we needed to stir this possum – three years later we are still waiting for clarification (VB<sub>4</sub>).

There is still confusion about the role of different groups: role of Coastal Board, Coast Committees of Management, DSE, CMA. There is multi-agency involvement and that causes tension. People are aware of this but are constantly trying to do something about and clarify roles (VB<sub>5</sub>).

At the moment there is a greying about what DSE and CMA does. Certainly we have a clear role on river health and works on waterways is the CMAs'. But when you get into the broader PPA [pest plant and animals] and those types of things, there is a lack of clarity. Without it being clearly articulated from a government perspective, then I think the next iteration of the RCS, which we didn't do at all in our last RCS, is to have a go and put the challenge out there of who we think is responsible for those things (VS<sub>5</sub>).

Role confusion: with water – wholesale, retail and river health are all different. When you have three parts there is a leadership void and any idiot will try to fill it. There is overlap. It is the same for land with pest plant and animals. It is not clear about who has responsibility and then CMA might not have any money. Again with DSE and biodiversity – our job is writing native vegetation plans. DSE does the enforcement stuff. We don't have a stream of revenue to do it. The only opportunity we have to do it properly is with environmental flows where the government charges a 5% levy. Clarity is the important thing. The Statement of Obligations issued by the minister to authorities does provide more clarity about



the minister's expectations. But they are still vague – what must we do, and what can we do. There is actually not much we have to do. Do we do a bit of everything? Yes. We need a 'to do' list and a 'not to do' list (VS<sub>2</sub>).

There was also support in Victoria for the purchaser-provider relationships that have been developed<sup>2</sup>, whereby a regional NRM body establishes and funds projects that are delivered by an external party, which in some cases is a state government agency:

We have certain statutory roles for delivery of service and I think that is being handled well. Also then, we are dependent on other bodies for the delivery of services, such as DPI [Department of Primary Industries] and DSE and a substantial part of our budget involved those groups. I think that is working pretty well. There are agreements governing those things (VB<sub>5</sub>).

I think we have our mix about right here. Most of our earth works are done outside. GMW [Goulburn-Murray Water] does project management too. River improvement works we do in house. The last thing to do would be to duplicate the infrastructure of GMW (VB<sub>6</sub>).

From the board's point of view we should not be a delivery or works agency ourselves because of the potential for conflict of interest. The difficulty of course is that the wider community judge us on on-ground works. The badging of on-ground works is a sensitivity that we picked up early on (VB<sub>4</sub>).

The upward accountability of regional NRM bodies is generally at a very high level. Some rationalisation of the currently excessive and unnecessary reporting requirements demanded by some government agencies would enhance the efficiency and productivity of the system without compromising accountability. Downward accountability to regional stakeholders received little attention in interviews, although to some extent such matters were dealt with in the context of inclusiveness. Greater clarity is needed regarding the respective roles and responsibilities of regional NRM bodies, government NRM and related agencies, and statutory authorities with some NRM mandate, particularly regarding native vegetation, inland waterways, coastal environments, and PPA management.

## **Inclusiveness**

Key words: *opportunity, engagement, consideration of values*

All regional participants had a high degree of recognition that inclusiveness was a central component of establishing a good governance regime. Some regional participants considered that the inclusiveness of their decision-making processes is a strength of their governance arrangements:

We've been good at engaging individuals who weren't engaged before – there are many new names on the incentives program because the CMA is seen as new and

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<sup>2</sup>However, as pointed out to us by a NSW government staff member, some regional stakeholders see regional NRM bodies as service providers, so to the extent that they are actually purchasers of outcomes, they may not meet community expectations, giving rise to legitimacy and engagement problems.

separate from the government and the board is good. This is a really good result (NS<sub>7</sub>).

We have adopted a single goal that is designed so that staff think about the community in everything they do. We have said that we will track that through our annual customer survey to see if we are getting the whole of the community engaged in what we are doing. We have a relatively low level of understanding amongst the 350,000 members of our catchment community ... but it is growing (VB<sub>1</sub>).

Other regional participants identified inclusiveness as a significant challenge:

We are struggling with how to engage the community and how to engage the right sort of partners and the right sort of industries. We probably do not have a good record with the corporate world. In some of our documentation we talk about customers and I think we should be talking about stakeholders, particularly in terms of those that contribute or those who benefit. Some do both. Maybe we need a different way of thinking (VS<sub>1</sub>).

All participating NSW and Victorian regions made reference to some form of community advisory committee. These committees are providing a valuable means to widen the range of input into decision-making processes beyond the expertise and interests represented on regional NRM body boards. There is considerable variation in membership, structure and function:

We've set up reference groups to engage Landcare, stakeholders, Indigenous people, and local government. They sit under Strategy and Planning. There's a sub-unit called Strategic Partnerships (NS<sub>4</sub>).

The CMA has set up 10 local community advisory groups which provide advice on how the incentives are going, strategy and new programs, any needs – they are a good way of managing risk and getting feedback. Groups meet four times per year with one all together – they are chaired by the local implementation officer and a board member is given a liaison role – that gives us good feedback (NB<sub>2</sub>).

We [have] functioning Implementation Committees [ICs]. We advertise; we have a selection panel. Each includes a board member, another IC chair, and eight community members. DPI and DSE are also present, but they do not vote. We sign off on an annual budget. There is a whole heap of delegations about what they can do and what has to go to the board (VS<sub>6</sub>).

We have the Regional Investment Committee [RIC] ... with two board members and representatives (convenors) of the operational portfolio groups (Landcare, Coastal, Pest Plant and Animal, Waterways, Salinity) and these groups meet on their own ... Each of these operational portfolio groups meet and then the convenor brings views back to the RIC. Each operational group has executive support from the CMA. Recruitment varies – probably a range of skills, representatives of community groups such as Landcare. Decision-making at board

and staff level has been strengthened in terms of having wider and better community interest (VB<sub>5</sub>).

We now have ICs based on irrigation, dryland and grazing, lifestyle. Other CMAs have gone down the asset track ... The ICs have a charter: no decision-making power, but a large degree of influence in advising board. We advertise for expressions of interest in membership and find it hard to get people to put up their hands. There is a range of selection criteria (VS<sub>2</sub>).

In Tasmania, such committees are less well developed:

We're plodding along fairly informally and looking for opportunities for engagement. Our IP3 [Investment Plan 3] is where we'll be looking to do more, say through small community reference sub-groups ... We need to set up the processes to ensure that ideas from the community get to the decision-makers (TS<sub>2</sub>).

In some regions, these committees specifically target key stakeholders that are recognised as posing significant engagement challenges:

There are a number of reference groups – a local government reference group and an Aboriginal reference group. We have good Aboriginal employees that went out to the communities and asked who they wanted to represent them. There's also the Landcare reference group but that has taken some time to get up (NB<sub>4</sub>).

We've been good with partnerships with the Aboriginal community and with local government ... there was a strong drive from the board and myself. We have an Aboriginal reference group that has access to the board – its chair addresses the board once a year. To form the reference group we went out and spoke to the communities. We asked for one traditional owner and one person affiliated with the region ... There's feedback expected from the reference groups to local groups. That's the model that works really well. Written stuff is an issue – talk is the method that works. There has been a real turnaround – they are passionate advocates now. We use their traditional knowledge and give ours (NS<sub>7</sub>).

However, the reference group approach has not always worked:

We haven't really delivered on our Indigenous programs. We had an Aboriginal woman on the board but it didn't really work out – she didn't attend all meetings and has since moved on ... A reference group hasn't worked – it's been impossible to engage with them because they have a lot of different ideas and so we just have to go and talk to individual groups. We've put on extra staff including an Aboriginal facilitator. We just try to be as inclusive as possible – we've had several attempts but we haven't got a good process yet (NB<sub>5</sub>).

I don't think the ICs are reflective of community views as much as they could be. Sometimes the more vocal interests are represented (VS<sub>4</sub>).

Establishing effective engagement with several key stakeholders – Indigenous communities, ‘care’ groups, local governments, urban and environmental constituencies – was identified by several regions as a significant challenge. With respect to Indigenous groups, several regional participants reported progress:

Up to now, I would have said we didn't do too well. But this has changed with appointment of an Indigenous person to staff (VB<sub>6</sub>).

We've had to set up processes – 20% of people in land councils have the experience so we use these people and they disseminate their knowledge and expertise – we've given them training in intellectual property, developed a template for cultural assessment, and payment schedules with a list of service providers. It provides good employment possibilities. This is a much better system than the ad hoc process that was in place before ... We did it by community, family and town groups and with the help of our Aboriginal staff. We have two representatives from 23 community groups and that covers three language groups – about 30 odd attend each meeting now (NS<sub>4</sub>).

Relationship with Indigenous communities: improving but still difficult. It took a long time to develop productive relationships. Developing an MOU with the three Indigenous groups in our area was a positive step. The problem is that the relationship between each of the three groups and the CMA individually was better than between the three groups together. We are now starting to see some concrete proposals coming forward from one of the groups. The fact that we have an Indigenous Cultural Heritage position here now is a great step forward. This was a specific CMA initiative. It is not working perfectly yet. We are working hard to support him (VB<sub>5</sub>).

Others are uncertain how to proceed:

We have difficulty engaging with the Aboriginal community. The processes haven't worked. Sometimes you try your best but you just can't do it (NB<sub>2</sub>).

Aboriginal Advisory Groups were proposed but they haven't happened. We don't know enough about how Indigenous people would do NRM; we haven't asked them what they would like; we tell them how we think Aborigines should do NRM (NS<sub>10</sub>).

In terms of inclusiveness and fairness and equity, dealings with Indigenous groups are quite challenging; it's not for lack of trying ... The problem is to determine who speaks for whom ... There's a naivety of our governance that we didn't understand what was needed to make the Indigenous project work well (TG<sub>1</sub>).

Effective engagement with Landcare is seen by some regions as a major challenge:

The change in funding now through the CMA meant that the groups [Landcare] felt that their power and reason for being had been taken away from them and decisions made on their behalf (NS<sub>9</sub>).

One of the things that we haven't done well at is engaging with Landcare. The decision by government to cut Landcare coordinators caused great disruption. Landcare hasn't forgiven us though we weren't responsible for that decision (NS<sub>7</sub>).

There's an enormous amount of disquiet among the 'care' people, who feel disenfranchised and as just the providers of free labour (AA<sub>1</sub>).

Others are more positive about the current state of their engagement, although it is a different story with respect to 'green' groups:

Our relationship with Landcare is quite different from other areas, in that our community capacity budget is restricted to 15% and we contract that out to 14 capacity builders. One of the criteria for getting contracts is to show a close relationship to the community and therefore it's the Landcare groups that get the money. So we have good relationships with Landcare (NS<sub>5</sub>).

I think the process of setting up Landcare networks is working well. Having EnviroFund available to support work by individuals that doesn't have a regional priority. We have strong linkages with Landcare groups, but not as much with green groups (VB<sub>5</sub>).

The darker green conservation movement is not engaged with NRM ... It's not going to sit well with their agenda (TG<sub>1</sub>).

Engagement with local governments and urban and peri-urban communities remains a challenge, though in some regions progress is being made:

Local government – in deference to their important role we try to engage them in every thing we do. On that front we have only had limited success. In our region local government doesn't see NRM as their primary responsibility (VB<sub>1</sub>).

Whatever local government does it has impacts on NRM outcomes – local government has a crucial role in engaging the community to make regional NRM work – they have to be included. We engage with NRM through the [regional councils' organization] and its general managers and mayors – some are committed and rural understanding is more pronounced – so there's a challenge here too (TB<sub>1</sub>).

We have a large number of non-commercial land holders in this region and a large number of peri-urban hobby farmers ... there isn't an organization to represent the hobby-farmers (TS<sub>1</sub>).

There's not a lot of urban engagement although local government engagement is offsetting that to some extent (TG<sub>1</sub>).

We don't engage with people around [regional centre] – about 60% of our entire population. The question is 'should we?' 'How do we do it?' 'Is it more important

to engage with the land-owner with 12,000 hectares rather than the townspeople with a town lot?' (NB<sub>2</sub>)

We've also moved towards ... getting townspeople involved as with urban salinity projects and schools. When you consider that of the total population in the catchment of 240,000, 160,000 are urban, this is important (NS<sub>1</sub>).

We have a local government liaison coordinator. Involvement is high. From all reports seems to be very good. I don't hear anything negative. We depend on the personal skills of our staff to develop effective interactions between the organizations. There are partnerships there (VS<sub>3</sub>).

Some noted the central role that partnerships play in fostering inclusive governance:

One thing that we're doing well at is partnering – we are getting more resources etc. There's no shortage in being able to partner and network – the sky's the limit in it – it gets more stakeholders (NS<sub>3</sub>).

Regional NRM bodies display a genuine commitment to inclusive governance, and in many cases have made significant advances in engaging with key stakeholders and providing opportunities for wide involvement with NRM. For some regions, engaging with Indigenous communities, 'sea' and 'tree' changers, and large agribusinesses remains a challenge. No comments were made that directly addressed consideration of values – but, of course, value differences were often implicit in references made to different stakeholder groups and interests. Nonetheless, intrinsic values (the value of nature for its own sake, regardless of human uses and concerns) and future generations were not raised as considerations by any participants. In part this reflects the ambivalent relationship regional NRM has with the green movement whose members are the traditional voices for such values. Several regional participants commented on their lack of influence on state and Australian Government NRM decisions. It would also appear that governance mechanisms need to be established to more effectively engage regional NRM bodies in higher-level decisions that affect them.

## **Fairness**

Key words: *respect, consistency, absence of bias, distribution of costs and benefits*

Participants made very few comments about fairness. The only comment made concerning respect came from a Victorian regional participant troubled by the attitude of Australian Government agency staff towards regions. Consistency in decision-making (like circumstances producing like outcomes) was not raised as an issue. Several observations were made on the issue of bias in decisions. Concerns were raised about political factors as a source of bias or inadequate consideration of distributional issues:

Often allocations depend on the politics of the past rather than good basis for decisions (VG<sub>1</sub>).

More of what I've heard than seen is that there are a lot of squeaky wheels out there. This is just the reality of how political processes work. We need to give

them the attention they need but make sure they don't get an unfair share of resources (VS<sub>1</sub>).

The prioritisation process, the process from the state and Australian governments is for targeted investment and with that, there are winners and losers. In many ways the local voice can be lost when you are looking at it from that perspective. So, we can have some individuals and groups a bit annoyed that we are not taking issues or areas into account properly (VS<sub>5</sub>).

On the other hand, an instance was cited where a regional NRM body was able to use a deliberative process to achieve a fair outcome under difficult circumstances, and another observed how the challenge of fairness was being met:

Groundwater reform wouldn't have happened without the CMA – so the CMA is the only competent organization that does deliberative processes well, that is, where there is a lose-lose situation, we are able to negotiate a process that seems procedurally fair (NB<sub>2</sub>).

Challenge: I think it would be that you can be seen to be doing the right thing out there in the community and that there isn't preferential treatment for some people ... If anything is questioned it can be referred back to these so we can explain how it was approved and why (VS<sub>3</sub>).

Issues of capacity and perspective were raised as factors underlying the potential for an unfair distribution of costs and benefits from NRM decisions:

In coastal areas the plans were already there, rivers councils, acid sulphate soils ... that meant that in a lot of coastal areas the communities are more savvy, decisions were made based on the capacity to take up the money but there's an awareness that other areas are less able in their capacity and so we've been building their capacity (NB<sub>6</sub>).

Our strategy was a reflection of our farming community – our brown-green strategy – the greens say it's not fair – that if you pay for the now then you assure some kind of future (TB<sub>5</sub>).

One participant emphasised the importance of transparency in decision-making as a way of mitigating the difficulties arising from making trade-offs:

There is not a decision that you make that doesn't involve trade-offs, which need to be acknowledged. It comes into being well-informed and fair ... for example, the trade-off between the impact on the irrigators and the target of improving the wetlands. The thing is for the trade-off to be transparent and that the board has to show the transparency through documentation and good research (NS<sub>2</sub>).

The proposition that a strategic and targeted approach is more appropriate than trying to spread effort evenly between and within regions was universally accepted:

Fairness and equity are important to us but if it was to be fair then it has failed. Even now we are still criticised for spreading the money too thinly. It [fairness] can't be about distribution of the funds; it has to be about the integrity of the decision-making processes (AG<sub>1</sub>).

From the evidence presented, there is a clear awareness that regional NRM bodies must implement fair decision-making processes. Systems and procedures generally ensure that consistency, absence of bias, distribution of costs and benefits are addressed in decision-making processes. In some cases, more use of formal procedures would enhance capacity and transparency in this regard. Such procedures could also provide a buffer against the potential for powerful individuals and interest to exert an undue influence on decisions, as could a greater attention to establishing procedures that on the one hand provide for effective conflict management, and on the other foster a culture in which mutual respect, active listening, honesty, as well as lack of distortion, manipulation and deception become the norm.

## **Integration**

Key words: *alignment, vertical and horizontal connection and coordination*

Participants generally considered that current governance arrangements for regional NRM are encouraging alignment of direction across the national, state and regional levels: "pretty much whenever we are undertaking a strategy or action plan it has to tie back into the higher level plans" (VS<sub>4</sub>). There was also one region that is effectively aligning NRM priorities with local government plans, although we doubt whether this is typical:

We're also working with them on their local environmental plans, ensuring they are compatible with our priorities. Two of our board members are local government councillors and several are former local government people (NB<sub>2</sub>).

While regional participants were generally satisfied with their attention to aligning their plans with those generated at higher levels, several criticisms were made of the policy sufficiency and coherence at these levels. One participant raised a lack of alignment and direction between the governments and regions with respect to water and regional development; a Victorian participant hoped that a forthcoming State Government statement would overcome a policy deficit with respect to NRM; another alluded to the protected nature of the forestry sector in Tasmania in terms of preventing effective policy alignment; the policy vacuum in Tasmania and Australian Government disruption of an integrated planning approach was lamented; and there were several comments from Tasmanian participants concerning a lack of functional connectivity across the system as a whole:

I wouldn't be confident when it comes to the management of water and regional development – there is little integration of policy. Probably because you need some overarching body to look at the overall picture. But there is no-one sitting above us (VB<sub>6</sub>).

Policy coherence: No, we haven't done that ... There is a gap when the CMAs produce their RCS, which they have done twice already, because there is no



overarching coherent strategy. There is a sustainability strategy, but it is not an NRM strategy. There are separate strategies, but these are not pulled together in a systematic way. This is a governance responsibility of the state (VG<sub>1</sub>).

Connectedness is an absolute shambles – right down from the Australian Government ... There is a loose understanding that our core collective business is regional resource condition improvement. There is a general sense of priority – the government regulates local priorities but the links are loose (TS<sub>3</sub>).

The Feds came along and said this is a ‘top of the mountain to the sea’ integrated plan but the State Government came along and said ‘you can’t talk about forestry’ – mining and fisheries are in but not forestry (TB<sub>2</sub>).

When we packaged up our investment plan, it was consistent with an integrated approach and the Commonwealth said ‘no, you can’t do that; we want you to do this’ – they forced us to list our projects so the Federal Government could talk about these with a degree of ease, perhaps, for the media, perhaps; or politicians and advisors could sell projects more readily than an integrated strategy. This cherry-picking was the first breakdown in the integrated approach (TB<sub>1</sub>).

We went into this thinking this was about regional NRM, but too many funding sources cut across what we do – Biodiversity Hotspots, Acid Sulphate Soils, we have no control over the Envirofund – there’s a lack of integration between Commonwealth Government funding programs. This means that our priorities can’t be addressed strategically – non-strategic priorities get funded and these projects take staff from our core business (TB<sub>5</sub>).

Such examples suggest a failure on the part of state and Australian Government NRM agencies to both develop coherent and integrated NRM policy framework, and to implement this in a way that does not undermine advances being made at the regional level. Several regional participants alleged a failure on the part of state and Australian Governments to attend to the consequences of their policies on regional NRM programs. As a result, NRM capability has been compromised and community support and confidence eroded:

There are lots of competing interests funded by the same Commonwealth departments. Take the Forest Conservation Fund, the Tasmanian Community Forestry Fund competes with one of our programs – we worked long and hard to get this program and then the political agendas of the governments come in and blow it all away ... This pervades the whole system of governance – it derails everything we do. Trust is so hard to build in this community and it gets eroded. You’ve got to apply as well as talk consistency (TS<sub>3</sub>).

We are the local government area that has a koala management plan and now the CMA is the process by which you get approval to clear through the property vegetation plan (which says no net loss of vegetation) but the DNR has the compliance role and with that approvals for logging of private forest and they don’t have to refer to any other plan. They can approve the logging and they’re

badly under-resourced. These processes need to be linked, otherwise the CMA is wasting time and money (NB<sub>6</sub>).

As Australian Government NRM staff acknowledge:

The Australian Government needs to place more emphasis on what we want as investors not in a hierarchy but collaboratively – we haven't done this well enough (AG<sub>2</sub>).

Nonetheless, several regions reported effective relationships with their respective state NRM agencies and with the Australian Government; between regional NRM bodies and Australian Government NRM staff, and between state government NRM staff and Australian Government NRM staff:

With DSE there are lots of touch points, dependencies both ways. Overall that relationship is healthy (VS<sub>1</sub>).

Our relationships with the State Government are reasonably good (NB<sub>7</sub>).

We've got excellent relationships with the Australian Government (TS<sub>1</sub>).

The government has compromised significantly as a result of advice on native veg and we are being consulted more directly, eg. the Prime Minister's Water Plan where the State Minister sat down with all CEOs together to discuss. Also our discussions with Treasury are now direct rather than through DNR – they want to engage us on the bilateral negotiations (NS<sub>7</sub>).

Our relationship with DPIW is probably the strongest of any region – we've made it part of the way we do business – a lot of the technical expertise resides there and so it's incumbent on us to do that. It is critical to achieving our ends and we initiate it not the state – it has been a struggle and the connectedness has been driven by us (TB<sub>5</sub>).

We have a strong relationship with the Commonwealth. We speak to the Australian Government through the NSW Chairs Council that meets once a month. The Commonwealth comes to speak with us (NB<sub>5</sub>).

Connections with the Australian Government – it has taken time to get it to work well. There have been constant challenges – these things take time. The team based in Canberra is now settled, works hard and does a lot of good things (TG<sub>1</sub>).

However, frequent reference was also made to inadequate vertical integration between regional NRM bodies and state NRM agencies:

We have an RCS that we are supposed to coordinate at the catchment, but there are other government agencies doing significant works that impact on the RCS that we have no say over, such as DSE and Parks [Victoria] (VS<sub>7</sub>).

Via the DPI case managers, I have tried to keep up the lines of communication, and the personal relationship/rapport that I have with many of them. We probably don't have as good a relationship with DSE. There is a historic us-and-them relationship, particularly with the threatened species group. They would always come back to the CMA and say 'we don't need to report through you' [for projects funded via the Regional Catchment Investment Plan (RCIP)]. I would show them that it was part of the RCIP governance structure that they had to report back through us, particularly in relation to biodiversity achievements (VS<sub>4</sub>).

Access to good NRM data is an issue – the agencies won't share (NS<sub>7</sub>).

The allegiance to DNR has changed ... CMAs feel accountable to the Joint Steering Committee [JSC] rather than the DNR (because that's who we have the contract with). Our relationships with the JSC and NRC are changing because we're forging new direct relationships with Treasury, JSC and so on. DNR don't like this. Treasury and the NRC are eager to deal directly with us (NS<sub>1</sub>).

However, there are some regions that have developed remedies to such distancing:

We review every six months and we invite the DNR and others to be involved. We had a two-day workshop facilitated by the staff with DNR and other departments and two community members – received good input. We've done three of these now – there was very good networking there in the last one (NB<sub>3</sub>).

Several regions also complained of a lack of support and service delivery by state NRM agencies, as well as an alleged competence deficit:

We're having to really push to build the connectedness to the extent that the committee would be reluctant to enter into mutual obligations with the State Government because they see the State Government wouldn't keep up its end of the bargain (TS<sub>5</sub>).

The State Government undertakes very limited development of processes and the results don't necessarily apply to all CMAs ... DNR is not doing the job as well as we would like them to (NS<sub>9</sub>).

The CMAs were set up with DNR as their strategic level, human resource management, finance and information technology providers, but since then DNR has down-sized their services and it can't provide what it contracted to do (NS<sub>1</sub>).

Connections are generally pretty good but the critical issue is the lack of agreement with DNR about the provision of corporate services. Currently they are providing them for free – the Minister wanted this ... he didn't want decentralized provision or bureaucracies developing. But we don't have a signed agreement about the details – so we have ongoing conflict about deliverables, about information technology (that's one of the biggest) and finances ... There's a need to get a service level agreement ... It's getting better but not what it should be ... In other words, systems governance is an issue ... We're now developing our own system. DNR promised to do this in the beginning but it hasn't happened yet. We

resisted initially but are now being forced into investing resources into a database solution (NS<sub>7</sub>).

I don't think the Feds could run a bath full of water. No one there knows anything. How could they implement the Howard water plan? They are just too remote to be any use. So, there is a fair bit of tension in those relationships (VS<sub>6</sub>).

Horizontal integration between regional NRM bodies and local government planning is on the agenda for some regions, although little substantive progress has been made, and other regions see the current separation as appropriate:

Going back about a year there was a workshop held with all the senior members of local government in our catchment to start at ground zero to look at how we should work together ... The board's vision is that the CMA wants to control the planning process: take a role from a statutory point of view for all planning decisions, rather than just the waterways as at the moment. Exactly how it looks and works, that is the work we have to do. At least we would want a referral power to consider every development from a view of potential impact on CMA areas of responsibility. Our discussion last year suggests that local governments were receptive. Feedback so far is that they are keen to talk about it (VS<sub>1</sub>).

Local government is an issue we want to tackle in a major way. We made some progress on that last year. At our recent corporate planning workshop we said we want two significant projects running with local government. We have 14 municipalities. Local government has planning powers the CMAs don't have but they don't have the resources to do what they are supposed to in NRM. I would like to see local government MSSs [Municipal Strategic Statements] and the RCS more complementary and supportive. Whether CMA will be allowed to evolve to another level is to be seen (VB<sub>4</sub>).

I don't see transferring power – that would not be politically feasible. I don't like the idea of centralising many powers as then power becomes too remote from the people. A regional scale is not appropriate in this regard. For example, with piggery proposals, there are lots of objectors and you need to have lots of meetings and be prepared to help people learn about the issues. A catchment-scale is far too big for these types of planning issues. I guess you could do floodplain planning inside councils if you had the resources and expertise (VB<sub>7</sub>).

At several levels, the observation was made that where effective integration is occurring, it is reliant on relationships between particular individuals, which are constantly being threatened by relatively high levels of staff turn-over, particularly in the Australian NRM agencies:

In the term of the previous Board we had representatives of DPI and DSE on our Board, but those have been abolished. We are still trying to work out how to establish relationships other than with person-to-person (VB<sub>5</sub>).

Consistency with the Australian Government is hard because people change; it's better with the State Government. It's a problem that it's dependent on particular people (TS<sub>4</sub>).

Horizontal integration between CMAs is patchy, but strengthening as a result of recently established programs of meetings between board chairs and between general managers:

As deputy chair, I get feedback from CMA chairs council meetings – backed up by figures on outputs. All the chairs get together every two months as do the general managers – there is a lot of collegiate co-operation – some projects are jointly run (NB<sub>4</sub>).

Links between CMAs are reasonably effective, but I'm sure they can be improved. Some of it is formalised through chairs' and CEOs' committees, communication officers and finance officers. Some is through personal relationships of staff ... I think our relationships with some neighbouring CMAs are more important than with those that are more distant (VB<sub>5</sub>).

For a period around 1998/99 there was a sense of competition between the CMAs and they went into their shell, but they have come out of it now, though there are some remnants of that. They are now using the same project management software – which is an advance given that they were all using quite different ones five years ago. Each CMA has developed its own human resources management system, but they are discussing these things now (VG<sub>1</sub>).

However, cross-jurisdictional integration at the regional level remains limited, and there are participants from all three states of the view that competition between regions remains a significant barrier to effective collaboration and coordination between regional NRM bodies:

There was a particular individual in [Australian Government NRM agency] who was very much in favour of competition. The result is that there is very little collaboration between the regions because there's bad blood because of that competition – [NRM region] got shafted, [NRM region] did well, and [NRM region] got some of what they wanted. This sort of thing wouldn't happen with the mainland CMAs, probably because they are really strong and really well-established and wouldn't put up with this sort of thing (TB<sub>2</sub>).

There is little evidence that we have moved much beyond competition (VB<sub>4</sub>).

We need to do better with our CMA collaboration. We're still a bit competitive and we should be more cooperative and support the weakest. Our biggest threat is a political one and that's the failure of one CMA. That's why we need to support each other more. We should delineate the area of competition and agree on the areas where we need to support each other (NS<sub>2</sub>).

Participants offered numerous examples of effective partnerships and projects between regional NRM bodies and other regional NRM providers, including local government:

We've got good partnerships with service providers and with the other regions. I'm happy with the technical and facilitator network – it is of untold benefit (TS<sub>1</sub>).

We use DPI and DSE and GMW as partners for delivery. You don't compete with your partners. We could have set up our own unit, but we chose to stick with them and it has worked out. With DPI, despite some staff turnover, we decided to stick with them. We have an MOU that specifies how we behave in public and in private, and we have a Partnership Management Team ... At least you are saying we are in this together (VS<sub>6</sub>) ... We have formal monthly meetings as well as informal linkages, for example, with GMW, farming groups, environment groups (VB<sub>6</sub>).

We have stronger ties with local government and joint projects up to several million dollars (NB<sub>4</sub>).

We've got really good strategic work happening at the subregional level. This has been good for building partnerships. An example is with the [two local governments] and their ... project for improving connectivity between vegetation. Another good example is the [strategy] which includes community engagement, threatened species and weed management, and Ramsar protection (TS<sub>1</sub>).

We found \$1 million that was uncommitted and we took this to the local government reference group looking for a project that furthered our CAP targets. They came up with a catchment wide salinity push – 13 councils working together with the large ones ... supporting the smaller ones with technical resources. This partnership enhances the salinity alliance through getting on-ground activity. They originally wanted three geographically based reference groups. We said 'no'. They now acknowledge that was the right decision and it has turned out well. What's happened is that the councils are working together and taking a catchment-wide perspective, which hadn't happened before (NS<sub>7</sub>).

Integration of NRM policy and action across national, state and regional levels is patchy. A broad level of coherence is evident in the direction set in national, state and regional policy planning statements. Communication, if not coordination, between some regions, their respective state NRM agencies, and Australian Government NRM staff, is well developed and apparently constructive. As the regional model matures, coordination between regional NRM bodies, and with other regional NRM providers, is strengthening. The observation that a regional NRM body is catalysing efforts amongst local governments to better coordinate their efforts suggests a widening of institutional regionalisation – a trend that has the potential to yield significant dividends in terms of integrating policy development and service delivery at the regional level, with the likelihood of associated efficiency and productivity gains.

However, system-wide deficiencies remain in both vertical and horizontal connection and coordination. An NRM policy vacuum is evident in some states, which is hampering the development of a strong unified direction for NRM initiatives at this level. The haphazard performance of some state agencies in terms of service delivery, and their apparent lack of awareness or consideration of how their actions affect specific regional

NRM programs, undermine the credibility of the regional model amongst some local communities and hamper the effectiveness of regional action.

### **Capability**

Key words: *business systems, funding, human resources, knowledge*

Business systems for regional NRM bodies encompass procedures for managing governance, finances, contracts, records, information, staff and projects. The importance of getting these systems in place and effective was emphasised by several participants. For example:

We stumped up \$50k to put thinking in process. So, from day one we had worked through a lot of the process stuff such as delegations, and we got right the transition from the former authority ... It was the best \$50k we ever spent. From then on, it was about getting the strategies right and implementation processes right (VS<sub>6</sub>).

We have a very strong board, solid policies and procedures. The previous board's primary responsibility was to set up good governance processes. They have done that. For example, every project has a project plan. There are contract compliance processes in place, as well as defensible procurement policies (VS<sub>2</sub>).

The relative maturity of regional NRM bodies influences the degree to which they have such systems in place. Victoria, and to a lesser extent NSW, generally have strong business systems, although there are exceptions:

The corporate governance side of things has been an important element in last three years. Prior to the last three years that was not strong. The board and chief executive officer have driven that change and articulated roles. I wouldn't underestimate the strong leadership of the board and this has flowed right through the organization. Numerous audits brought up certain significant issues about how we managed things. There were fairly significant risks that the board identified – contractual issues, issues around the Board getting involved in project management (VB<sub>3</sub>).

While rapid progress has been made in Tasmania, some basic developmental work remains:

Our challenges are financial – we have heaps of argument about finance – we don't know how much money we have – we have so many buckets – that's to do with our teething problems – we don't have enough money to employ a book-keeper or an accountant (TB<sub>2</sub>).

Concerns were raised by participants in some regions about the effects state government imposed procedures and constraints have on their ability to develop and implement good business systems:

The pressure from Treasury is compromising our business processes because it's forcing us to give money up front and we don't have any come back. We say to

treasury 'you are forcing us to compromise our accountability' – that is, we can't ensure the funds are spent how they should be spent (NB<sub>8</sub>).

We don't have our own financial autonomy on human resources or information technology ... There is duplication here – it was supposed to streamline processes but it doesn't (NB<sub>5</sub>).

DNR don't seem to think CMAs are responsible organizations – they don't trust the CMA's ability – they see the CMA as untrained children running around; they don't think the CMAs are competent in many areas. For example, DNR has 36 checking procedures for payment of money so it takes five weeks to issue a cheque – they won't let CMAs act autonomously (NB<sub>2</sub>).

Many of the groups that have been carrying out NRM type work in our region over the past 10 years are not able to meet the new business requirements – for example, public liability insurance and so on. The issue for us is that Canberra has ideas about the way they would like to see NRM delivered and often these models are based on successful models from areas with large populations, greater community capacity and skills and organizations with greater work capacity. Many of these models need tweaking to fit our situation or it takes time to build the skills in the region to be able to implement them (TS<sub>2</sub>).

Not surprisingly, a lack of financial resources was raised by all regions as a significant capability constraint. Several regions are actively diversifying their income bases with a view to establishing a more sustainable financial position:

We've started up a trust – we've gone through the process of getting it legitimised. We're going to corporations for contributions to improve NRM – the Natural Resource Environmental Trust (it's separate from the NSW Government Environmental Trust). The board members and the general manager constitute the trustees; the trust has charity status and now we're going out to investors and philanthropists. They are rural resource enterprises, banks and building societies, fuel companies and so on. Qantas Link is interested with carbon credits (NB<sub>6</sub>).

In Victoria, where CMAs previously had the authority to raise funds from their regional constituents by imposing tariffs, re-instituting such powers was seen by some participants as part of a long-term strategy to meet their financial needs:

I don't think the CMAs can function to their full potential unless they have the potential to raise their own funds. This would give them a sense of control, and allow them to leverage those funds for other funds. In Victoria we have an environmental levy on our water rates and this was intended to provide funds for catchment improvement, but the focus has been on infrastructure and the government holds the money – the CMAs are invited to suggest projects but these are not managed by the CMAs (VG<sub>1</sub>).

Uncertainty of the extent, timing and conditions attached to government funding has made it difficult for regional NRM bodies to build the long-term partnerships and programs that are essential for effective NRM outcomes. Trust by governments in



regional NRM bodies was identified as a key requirement for the establishment of more durable and flexible funding arrangements. It was acknowledged that to earn this trust, regional NRM bodies must have strongly developed business systems and well-credentialed boards. Most regions consider that they have both these elements in place, and that it is time for governments to give them the financial autonomy they need. Proposals to move to a block funding model were strongly supported, as this would give regions more flexibility to move funds around. The current drought, for example, provides a compelling reason for increasing regions' financial autonomy and funding certainty:

I wonder why, sitting out here in a drought-ridden region, and Canberra is saying that the money is being spent but it's not realistic to expect that we should be getting the money out because the landholders don't have the ability to do it now. How could it be better done so that we can spend well when there is drought and spend differently in good times ... the funding is too inflexible. The drought would have been a wonderful time to empower communities and get the capacity-building done – we could have linked in with the Healthy Communities/Healthy Minds program. It's a brilliant time to do erosion control works before the floods come (NS<sub>3</sub>).

We've developed this army of willing people but it needs additional funding and this is where the system breaks down. You build up steam and then the brakes are put on and you lose a few people and then everything revs up and the funding authorities expect things to get up and running straightaway but it takes time to re-rev the community (NB<sub>6</sub>).

We've had a media release saying the funding will be ongoing but we don't have any knowledge of what our funding will be post June '08 – we can't give surety to our providers, contractors and so on – we need something written or signed on the dotted line by July 1 2008 just to pay our staff bill which is \$30,000 per fortnight (TS<sub>1</sub>).

There are indications that the Australian Government is responding to such concerns:

We've taken on board criticisms and changed our processes. For example, we've been able to put in a variations protocol to enable variations to projects. We're putting more trust in the regions. Ministers want to be a bit conservative. We're telling the Minister that the regions have matured (AG<sub>2</sub>).

The impact of funding on the ability of regions to recruit and retain high-calibre staff was also noted, as was the low level of remuneration for chairs and board members:

Because we're on three-year rolling funding, we can't contract excellent people for five years, we can't say to our providers that they should build staff – and in regional areas human capital is our most important asset – it's hard to keep people in the regions under this funding regime (TB<sub>2</sub>).

Young staff with mortgages and kids need more certainty in their lives and longer term contracts (TS<sub>1</sub>).

What is asked of chairs in our regions is far more than we are being rewarded for – if it's an honorarium and you believe the role is worth doing and you're achieving results then you'd be happy to do it for nothing – but if it's considered 'pay' (with the levels of frustration we have to put up with) then it's a bloody insult (VB<sub>4</sub>).

Despite these factors, the general calibre of boards and staff appears high to very high, and where a particular skill is needed and resources limiting, some regions are adopting a partnership approach:

We have a well-rounded board with lots of experience and able to know when they need to get other advice. We have some technical skills, landholder skills, political skills (VS<sub>2</sub>).

Amongst our staff we have identified the expertise we need: for example, managing environmental flows. We identified the best person, but we couldn't afford to employ him so we partnered a neighbouring CMA and got him (VB<sub>8</sub>).

There was general support for skills-based rather than elected boards. However, in the medium to long term, the willingness of high-calibre board members to maintain their largely voluntary commitment may weaken. Recruitment and staff turnover remain an issue, especially for smaller, resource-poor or more remote regions, and the rapid turnover and capabilities of government NRM staff were also raised as significant concerns by some regional participants:

Compare [one region] with [another region] which has a similar background and issues and context – they have 42 staff and we have six – there's a critical matter of staffing, a threshold at which you can make it work – a critical mass. There was no one there to deal with the processes or to look at the risks – this was my job. We've been really lucky with the people but it's a risk if we don't have particular skills ... I'm so thin across a lot of things – I can identify a risk but I don't have enough time to deal with it (TS<sub>3</sub>).

The Tasmanian committees have inherent difficulties getting the level of skill and commitment that would be ideal – it's hard to find people. A lot depends on the character and ability of the chair and the executive officer (TG<sub>1</sub>).

The staff are doing project management training – they are not skilled in this and few have financial management skills. The CMA is a stepping stone for young staff. We have a high turnover – it is project based work and we accept that. The board feels it has a responsibility and we feel that we have to train them even though we'll probably lose them to somewhere else (NB<sub>3</sub>).

If you get the staff churn factor happening, you don't get time to build up relationships, you don't get to the stage where you can make good decisions, you have to explain what is going on. Then you get people who have been around a while, know the history of programs – that makes it easier (VS<sub>7</sub>).

Some regions are developing effective strategies to address such issues:

Succession planning is now being addressed so that we don't have to do a huge recruiting drive every time we need to fill a position. It's best to grow our own ... We offer a package with extra leave, the attractions of rainwater, a car – it's a new package that has increased our applicant rate from four or five to 45 (TS<sub>3</sub>).

Effective and integrated knowledge management and communication systems are recognised as being fundamental to regional NRM's capacity to deliver the required outcomes. State NRM agencies were identified as the key governance layer that could develop and coordinate the delivery of such products: "I see the state agencies as generally the manager of key technical data bases, who then make sure the CMAs have access to those and to develop methodologies for the CMA to use" (VG<sub>1</sub>). However, participants were not aware of any significant state initiatives to address the knowledge deficit, and regional NRM bodies are struggling to do it on their own:

There's a really big problem with knowledge transfer because all the good data is on a state database and the national audit is just no good. The audit has just taken bits of state data. Data management is really important for the targets because you have to be able to measure so that you can see what's happened. There are lots of people in lots of corners doing lots of different things and none is integrated. Intersection with the scientific community is variable; some boards are good, others are quite hostile (AA<sub>1</sub>).

Learning and knowledge exchange – there is limited capacity within the CMA movement generally. It is recognised by strategy leaders as a really important part of what we do and you cannot change behaviour unless we have knowledge. But our capacity (this CMA and across the State) is still inadequate (VB<sub>1</sub>).

Effectiveness is dependent on more and a better organised data system – we are keen to have better data management with respect to the biophysical information and a more integrated one. We had employed some one to develop a data management system but we haven't made much headway there (NB<sub>7</sub>).

We were the first CMA to be linked to the CMAs' website. We are trying to do more by establishing a web-based support system. There is more we can do. We are making a requirement that our projects are linked to the CMAs' site. It is still a matter of how you distribute knowledge ... We can do better (VB<sub>2</sub>).

In the main, regional NRM bodies have well-established business systems, and those that do have deficiencies are making it a priority to remedy the shortcomings. The level of funding, and more particularly the manner of its delivery and the associated constraints imposed on regional NRM bodies, are significant impediments to the capability of regional NRM. Some regions are well-placed in terms of their access to the necessary skills and expertise, but remote and chronically under-resourced regions are suffering disadvantage in this regard. Turnover of staff at all levels within the system was recognised as a capacity constraint. Knowledge management systems, an essential ingredient of NRM capability, are of limited effectiveness and in some cases poorly developed.

## **Adaptability**

Key words: *learning, monitoring-evaluation-review, threats-opportunities-risks*

The importance of establishing regional NRM bodies as learning organizations was widely recognised by participants, particularly in Victoria, and several examples of good practice were offered, as well as calls for improvements to be made:

The project review committee do a review at the end of each project. The expectation would be that if there is a barrier or risk, that by documenting it that it becomes a lesson for others. Obviously that would be something we want to share across the organization. The idea of the project support group is not just to look at projects that are struggling, what about the projects that are running ahead, because that can have some risks. If you see projects that are led by people who have projects that are always finished on time, you can learn some lessons. Perhaps that person does better at community engagement. You can then build that lesson into your projects as best-practice (VS<sub>5</sub>).

We review the board performance annually and indeed, the board committees are reviewed. And we review the performance of the chairman. That has been a very useful process in terms of the lessons learned. It is not about criticising; it is about how we can improve our performance on the basis of the past twelve months (VB<sub>5</sub>).

At the operational level we are able to learn – for example, with willow management. Questions raised by some landholders have caused us to review what we do and we are overturning the traditional approach and looking at a better way to do it. This was a good sign that the experienced staff were prepared to say we can do better (VB<sub>5</sub>).

We are doing as well as anyone. Given the resources, time, complexity of systems, culture (getting people to think about why they are doing things). We have a section in our reporting called ‘snapshots’ where we ask for key learnings. It comes back to testing your assumptions, especially your critical ones (VS<sub>7</sub>).

We’ve ... adapted our decision-making structure over time; we are a learning organization (TS<sub>1</sub>)

As we develop, we need to have staff dedicated to improve their own knowledge, get learnings from the projects that have been implemented and think about setting up processes so that learning can be achieved as an integral part of project management and implementation. We don't do a lot of that. We haven't set up the processes to do that in any specific way (VB<sub>1</sub>).

Some participants showed awareness of the importance of basing monitoring, evaluation and review (MER) systems on outcomes rather than outputs. Such systems go beyond merely providing accountability – they give an organization the capacity to adapt direction and/or means of implementation using evidence and lessons learned from experience. MER processes are well established in a few regional NRM bodies, but are

still under development in most others, and at the state level significant deficiencies were identified:

We audit project management, tracking right through using the [regional] project management framework. MER and risk management are seen as our key process tools. We take MER very seriously and put a lot of effort into getting it right. Our prime responsibility is to develop and implement the RCS, and MER is critical (VS<sub>7</sub>).

We have one of the best practitioners in the field. But we have not really thought how we build MER up front into projects and no-one is held accountable for this. It is not a matter of rapping people over the knuckles but highlighting to us that there is a problem and we need to respond (VS<sub>1</sub>).

Another big challenge for me is to develop a MER system. It's hard to measure outcomes – the only way is to work within the State Government MER program but capture local changes. We'll try to demonstrate in 10 MER sites that certain actions lead to specific changes and try to extrapolate this to the whole catchment (NS<sub>4</sub>).

We have decided we will not produce another strategy unless it includes ways of measuring success. We are not there yet, but have a statement of intent (VB<sub>1</sub>).

We're implementing a monitoring system but that system is slow to get going. It's hard to know how effective we're being – we're measuring kilometres of fencing, area of vegetation protected, etc but in terms of overall effectiveness we didn't know what was there in the first place. The data sets are incomplete (NB<sub>7</sub>).

It stuns me that we have now had these systems up for 10 years and we cannot say how successful they are. A lot of work has gone into it, and we have done OK in water areas, but not in the land area. So there are question marks over how effective the investments have been. Without that the whole approach is vulnerable in a marketing sense. What we don't have in Victoria is a body that is clearly responsible for MER at the state government level. We have the Commissioner for Environmental Sustainability who could have done this, but it is not part of his mandate. There is a governance issue there (VG<sub>1</sub>).

As well as having a learning culture and effective MER systems, an adaptable organization identifies threats, manages the associated risks, turns risks and threats into opportunities, and is able to identify and respond to new opportunities as they arise. Though significant progress has been made by some regions, particularly in Victoria with respect to risk management, building such adaptive capacity is still a work in progress for many regional NRM bodies:

There is no limit on people's creativity but they don't do documentation of processes well. This means that there is little risk analysis. The processes are understood well by individuals but there's no documentation. There's no documentation for risk analysis processes although the minutes of the management team meeting would reflect the decision-making processes (NS<sub>1</sub>).

The business planning committee checks that things are happening. So far it has been up to the board to pick up changes in the external environment. We would probably do better if we had staff resources allocated to scanning for changes that might impact on the CMA – the new national water plan, climate change, block funding, stewardship payments for NHT 3 (VB<sub>1</sub>).

We need to get better at assessing any risks in delivering projects; identify the risk and possible ways to address it. We now have a team to do this (VS<sub>3</sub>).

Responsiveness is obvious but it's weak for us though; adaptive management is needed for the next investment plan (TS<sub>5</sub>).

One respondent lamented the reactive nature of their adaptive responses: “We epitomize adaptive management – we are too responsive and we need to be more proactive and manage for risks” (TS<sub>3</sub>). What is being described here is the passive approach to adaptive management – the literature also recognises an active adaptivity that initiates directed and experimental interventions and can incorporate a risk management capability (Allan & Curtis 2005). Active adaptive management, the more mature and developed approach, is not a well developed practice in any of our partner regions.

Several regional NRM bodies are effectively establishing themselves as learning organizations, while others are just beginning down this road. Participants gave no evidence to indicate whether state or Australian Government NRM agencies were similarly focussed. There is widespread recognition that effective MER processes are an essential part of good governance, but few regions have fully operational systems. State and national level processes are also under-developed. A similar situation pertains to the identification and treatment of threats, risks and opportunities.

## 4. VIEWS FROM THE LITERATURE

In this section we summarise the findings from a number of papers concerned with regional NRM in Australia. Some of the papers are at least in part based on an analysis of empirical data from case study regions or the system as a whole, while many draw conclusions based on understandings of the wider processes that shape and influence the system. Most are by academics, but three are consultants' reviews commissioned by government. The purpose is not to present in detail or analyse the credibility of the arguments as presented in these documents. Rather, we summarise the claims made regarding strengths and weaknesses of regional NRM, so that in Section 5 we can examine the extent to which they are supported or refuted by the empirical data presented in Section 3. To aid such comparability, we have confined our review to papers published after the establishment of the regional framework (that is, papers published no earlier than 2002), as well as to works that specifically deal with some aspect of Australian NRM governance.

The concerns are grouped under the following themes related to our principles: legitimacy and accountability; inclusiveness; integration; capability; and adaptability. Matters directly related to transparency and fairness were not significant points of discussion in the literature reviewed, although fairness was considered in the context of engagement by, for example, Lane *et al.* (2004a) and Moore (2005) who pointed to the exclusion of some stakeholders from the benefits flowing from targeted investments.

### Legitimacy and accountability

Issues of legitimacy raised in the literature focus on devolution of power and democratic representation. Lane *et al.* (2004a) and Marshall (2007), amongst others, argue that devolution should occur such that tasks can be undertaken at the least centralised level of governance that has the (potential) capacity to satisfactorily complete them, as well as represent all actors with an interest at this level. This is the principle of subsidiarity. They go on to argue that this principle has not been followed in the detailed design of regional NRM in Australia.

[G]overnment has decentralized progressively greater powers to so-called community-based systems of environmental governance. Nevertheless, key decisions regarding the course of this development remain centralized, rather than assigned consistently with an unbiased reading of the principle of subsidiarity. The so-called partnerships between governmental and community-based levels emerging from this decentralization remain largely characterised by the hierarchical purchaser-provider relationships of New Public Management, and much less by the vision of collaborative-partnerships-between-equals that originally mobilised local communities to 'sign up' to a government-sponsored model of community-based conservation (Marshall 2007, p. 14).

As explained in Report 3 of our *Pathways* project, devolution is part of neo-liberalism's 'roll out' phase of new institution building. Initiatives associated with this agenda include reducing the size of government; increasing individual self-reliance; as well as the new public management approach to government that, amongst other things, involves outsourcing and an emphasis on incentive structures (Stratford *et al.* 2007). In this

context, governments have responded to pressures for assistance and action on ‘wicked problems’ (Davidson *et al.* 2006) such as natural resource management by distributing funding and responsibilities to regional bodies without devolving the necessary degree of power and autonomy they need to be successful (Head 2004, Paton *et al.* 2004, Beer *et al.* 2005). Governments remain reluctant to relax their control over program design and key elements of the decision-making process (Head & Ryan 2004a, 2004b, Marshall 2007).

As Moore & Rockloff (2006) note, the process adopted for regional NRM is one of de-concentration where, although some power is transferred to lower-level actors, regional NRM bodies remain accountable to government and not to their own constituencies (a matter we come back to in relation to accountability). As well as the wider political milieu in which they are operating and which they help produce, this reluctance of governments to more fully devolve powers and autonomy to regional bodies is also explained, somewhat ironically, by a lack of trust in the good governance credentials of the very regional NRM bodies they have in large part created (Keogh *et al.* 2006). Head (2005) asserts that building trust in the new NRM processes will be difficult as long as governments disguise the use of institutionalised power in the rhetoric of partnerships. Consequently, there are calls for regional bodies to be conferred with greater autonomy and flexibility than is evident in the current structures that provide for only partial and conditional devolution (Beer *et al.* 2005, ITS Global 2006, Marshall 2007). Griffith *et al.* (2007), Vogel & Zammit (2004) and Walter Turnbull (2005) have explored and tested quality assurance models, which are claimed would improve investor and community confidence in regional NRM bodies and lead to greater devolution.

At the same time, passing substantial responsibility for NRM to regional governance authorities risks the marginalisation of distant stakeholders’ interests (Lane 2006), and fails to recognise the significance of state-directed governance for redistributive roles and public good provision (Lane *et al.* 2004a). Lane (2006) and Moore & Rockloff (2006) recognise that governments have a legitimate responsibility with regard to broad-scale issues such as nature conservation and representing the interests of non-regional constituencies, as well as providing fora for engagement of environment groups and others who urge that the interests of wild nature and future generations be taken into account, to which we would add acting on international concerns and obligations.

Also at issue is the legitimacy of regional boundary definitions (Lane *et al.* 2004a). Reeve & Brunckhorst (2007) show that NSW NRM regions do not reflect the scale of environmental externalities, are not biophysically homogenous, do not have boundaries that pass through areas of minimum community interest, and that they perform poorly against a Community Capture Index that measures the extent to which boundaries divide areas with which people identify and in which they have an interest. Morrison & Lane (2006) point out that it is problematic to define a ‘region’ on the basis of either a community of common interest, an economic unit, a biophysical unit or a combination of these, and that indeed many rural issues are extra-regional. Lane (2006) argues that instead of single-scale governance, a multi-level nesting of institutional responsibilities and capabilities is required, with some focussing on a particular scale (such as regional NRM bodies) and some working across scales (such as governments). Lane *et al.* (2004b) also point out that some environmental problems demand action at supra-regional scales and many are cross-scalar, leading to a mismatch between the scales at which the issues manifest and the structures in place to address them. And while “the co-governance



aspirations of regional stakeholders may not be easily realised under these conditions of institutionalised power” (Head & Ryan 2004b, p. 20), Marshall (2007) argues that some regions are too big and complex, and fail to meet the subsidiarity goal of devolving to the level closest to those stakeholders most affected, as well as stretching the capacities of regional NRM bodies beyond what might be reasonably expected.

While Robins & Dovers (2007), amongst others, recognise the very considerable commitment of regional stakeholders as a strong point of regional NRM, some authors question the genuineness of some governments’ commitment to NRM:

a serious but unrecognised blurring of motives and objectives can occur on the part of the States. For State leaders political objectives (e.g. success in securing federal funds to supplement State funds) are likely to be just as important as intrinsic policy objectives (e.g. commitment to the stated goals of a national strategy and associated grants program) (Head 2004, p. 20).

There may be an implicit desire by national and state/territory political actors to displace some of the political responsibility for difficult priority setting and tradeoffs onto the regional level (Head & Ryan 2004b, Head 2005). There is also the potential for political discomfort to be avoided by allocating the central delivery role to a tier of governance that has no capacity to enforce standards or raise the bar above levels acceptable to industry stakeholders (Head & Ryan 2004b). Marshall (2007) questions whether genuine collaborative partnerships exist between governments and regional actors, suggesting that the rhetoric of partnerships masks a governance system that aligns government interests with those of lower level agents, with no real sharing of decision-making power<sup>3</sup>.

While earned legitimacy as such has been raised directly in the literature, with Head & Ryan (2004a) and Head (2005), for example, questioning stakeholders’ acceptance of regional NRM bodies, more extensive commentary has been made on the connection between accountability and legitimacy. Whether stakeholders see regional NRM bodies as having the legitimacy to act, Lane (2006) argues, depends on mechanisms to ensure ‘downward’ accountability. Downward accountability would require regional decision makers to justify their actions to regional stakeholders. Lane *et al.* (2004a) contend that if regional bodies are not downwardly accountable to locals, as well as upwardly to governments, then decentralisation will not yield more effective and democratic natural resource management. In the absence of clear downward accountability, the emphasis on demonstrating compliance with stringent upward accountability measures makes it hard for regional bodies to be perceived as community-based (Marshall 2007). In contrast to upward accountability, mechanisms for accounting sideways to partners and downward to stakeholders are poorly developed (Moore & Rockloff 2006). In responding to top-down government directives, some boards have become less responsive to their regional constituency (Robins & Dovers 2007). Electing representatives is one way of formalizing downward accountability arrangements – without such formalisation, Moore & Rockloff (2006) argue that lack of representation confounds downward accountability as local

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<sup>3</sup>Marshall (2007) refers to Kernaghan’s (1993) characterisation of a collaborative partnership involving a public organization as a robust relationship where each party shares decision-making power, gives up some autonomy, becomes mutually dependent and contributes resources, money, information or skilled labour.

people have no recourse to dismissal or other sanctions if they are dissatisfied with a board member's performance.

Upward accountability is recognised as being paid 'serious attention' (Moore & Rockloff 2006), and while this is widely acknowledged as being necessary and appropriate, the manner in which this accountability is being managed has been widely criticised. The strict and complex financial accountability processes required by governments place a considerable administrative burden on regional organizations, especially those that are newly established and still finding their way. Reporting quarterly financial expenditure requirements and half-yearly milestone reports has tied up a significant percentage of some regional NRM groups' capacity (Paton *et al.* 2004). While such problems would be expected to recede as institutional processes become routine, they can cause lasting disaffection and frustration with the process. Head (2005) argues that this disaffection and frustration may undermine the participatory component of regionalism and hamper the development of strong horizontal linkages between regional actors by wearing down community effort, especially given a heavy reliance on good will and voluntary engagement. Beer *et al.* (2005), ITS Global (2006) and Keogh *et al.* (2006) argue for a reduction of micromanagement by governments and a streamlining of administrative and reporting processes. However Griffith *et al.* (2007) found that it is not always easy to determine whether it is state or national government officials that foster micro-management, each citing evidence of the practice in other governments.

Many authors point to lack of role clarity in various parts of the system as an impediment to effective accountability. Further clarification of roles and responsibilities is needed in the services supplied by government agencies (Robins & Dovers 2007), bilateral agreements (ITS Global 2006, Robins & Dovers 2007) and Joint Steering Committees (JSCs) (ITS Global 2006), as well as with the multitude of NRM plans and other instruments being used by all levels of government (Lane 2006). Walter Turnbull (2005) point to a lack of clarity in the roles, responsibilities, powers and accountabilities of all parties involved as well as the inconsistent approaches being taken by jurisdictions in the administration and operation of JSCs, and recommend that the Australian and state/territory governments clarify and articulate their roles and responsibilities in regard to the provision of support to regional bodies.

## **Inclusiveness**

There is a view that regional NRM engagement fails to sufficiently address and resolve exclusion of some stakeholders from planning processes, and that some regional actors are marginalised from decision-making (Moore 2005, Robins & Dovers 2007). Opportunities for participation in NRM also need to reach beyond those stakeholders that are articulate and well organised (Lane 2006). Moore & Rockloff (2006) present evidence from Victoria and Western Australia that suggests those parts of society well represented in regional processes tend to be those actively involved in NRM, specifically those involved in farming businesses. In South Australia, Farrelly (2005) found evidence of short, non-inclusive consultation processes, and tensions between actors working at the local and regional levels. Several authors point to a general failure of regional NRM to adequately engage with and accommodate the interests of Indigenous peoples (Lane & Corbett 2005, Keogh *et al.* 2006, Moore & Rockloff 2006, Robins & Dovers 2007). Other stakeholders yet to be sufficiently brought into engagement processes include local

government and urban communities (Farrelly 2005, Keogh *et al.* 2006) and non-NRM sectors such as tourism (Moore & Rockloff 2006). Insufficient recognition and support for voluntary community groups such as Landcare is also a problem for inclusionary processes (Paton *et al.* 2004, Keogh *et al.* 2006).

Such deficiencies have led to claims that decentralisation and limited localised participation in decision-making has entrenched, or may lead to, the domination of local elites (Lane *et al.* 2004a, Lane 2006), so that interest group decision-making overpowers wider public deliberation (Morrison & Lane 2006). Regional NRM bodies may be representative, but of narrow local interests (Lane *et al.* 2004a), so that wider societal concerns may be neglected (Lane & Corbett 2005). As a consequence, there is a danger that regional NRM bodies become parochial in their strategies and priorities and dominated by conservative sectoral agendas and an unwillingness to make the hard decisions needed to achieving the landscape-scale change required (Lane *et al.* 2004a, Morrison & Lane 2006). Public as well as private goods are involved so means must be retained for accounting for the wider public interest (Moore & Rockloff 2006).

ITS Global (2006) on the other hand, regards stakeholder engagement as one of the strengths of regional NRM. Pero & Smith (2006) also present evidence that at least some regional NRM bodies in Queensland are mounting successful programs to promote and achieve multi-sector dialogue and are actively engaging Indigenous communities and local government. So in contrast to the conclusions reached by Lane, Morrison and Moore in their various papers, Pero & Smith (2006) find that community-based natural resource governance will enhance participatory democracy.

Another dimension of inclusiveness is the engagement of regional actors in higher-level processes. Walter Turnbull (2005) urge that consideration be given to the inclusion of regional NRM board chairs, community and local government representatives on JSCs, a measure that would formalise engagement of regional interests in state/territory and national decision-making.

## **Integration**

A major theme in the literature is inadequate vertical and horizontal connection and coordination that is leading to system-wide dysfunction. For example, Morrison *et al.* (2004) and Bellamy (2007) argue that much NRM planning and practice remains fragmented, and that the connections and coherence between NRM and other planning regimes is insufficient, with limited coordination across state/territory NRM regulatory, planning and policy frameworks. The traditional advocacy role implied by portfolio structure of government means that economic, social and environmental agendas are poorly integrated (Morrison *et al.* 2004). Mitchell *et al.* (2007) also allude to the lack of a whole of government approach, where fragmented institutional arrangements tend to produce competing interests and objectives.

In the wider context of regional development, Beer *et al.* (2005) also point to a lack of coordination between actors at the local level, lack of a lead agency in strategic planning, uncoordinated plans and duplication:

Governments often pay lip service to the notion of 'joined up' thinking and greater cooperation while, at the local level, agencies are left with the harsh realities of institutional competition and the job losses which might ensue for regional policy practitioners if they fail in this competition (Beer *et al.* 2005, p. 56).

Bellamy (2007) also refers to the need to balance cooperation and completion arising from organizational self-interest as a key challenge for regional NRM. On the other hand, Abrahams (2005) argues that devolving program administration to JSCs has led to better integration of program delivery; that devolving priority-setting to regional NRM bodies has improved effective NRM delivery through their integrated regional plans; and that integration across government NRM policy and program delivery has been enhanced through the Australian Government's Joint NRM Team. Nonetheless, Keogh *et al.* (2006) are of the view that stronger national leadership is required to bring all the efforts into a coordinated program that is delivering something meaningful on the large scale.

Morrison & Lane (2006) use governance fragmentation and lack of coordination as grounds to question the worth of the whole regional NRM structure. They point out that it is remarkable that there is an expectation that regional NRM will lead to better integration, given that the model creates a new layer of governance and therefore entirely new boundary problems of inter-jurisdictional coordination and integration for other governance authorities involved in NRM:

The creation of regions as units of governance creates new jurisdictions and agencies. The 'boundary problems' of inter-jurisdictional integration and coordination are arguably the biggest problems in environmental management ... In our view, these problems are not resolved by creating new (regional) units of governance, indeed, they may in fact be compounded because they would represent an additional layer of government to an already crowded political and institutional landscape (Lane *et al.* 2004b, p. 401).

Morrison *et al.* (2004) argue that the solution is not a hard-wired strongly connected system, but a well-resourced system that recognises the intrinsic necessity for primary fragmentation but with wide-ranging secondary integration, with networked partnerships based on trust and a clear definition of roles as major features of these arrangements. Institutional integration at multiple scales, rather than decentralisation, is also argued as a way forward (Lane *et al.* 2004a).

Head & Ryan (2004a), Head (2005), Lane (2006) and Mitchell *et al.* (2007) question the adequacy of cooperation, coordination and alignment between levels of government and point to an absence of seamless frameworks at the state/territory and national levels to guide regional NRM bodies. There is also doubt that the various NRM-related state/territory planning and implementation regimes across sectors are effectively integrated through the regional NRM processes (Head & Ryan 2004a, Head 2005). A more integrative NRM system of governance requires structural and procedural reform of national and state/territory NRM agencies (Lane 2006). Walter Turnbull (2005) recommend the development of a set of protocols that would provide a framework for managing the expectations and priorities of both levels of government, and increase clarity and certainty to regional bodies about their operating environment. The roles of

regional bodies relative to local, state/territory and federal governments need to be clarified (Lane 2006) and better linkages are also required between regional planning and statutory local government frameworks (Keogh *et al.* 2006, Robins & Dovers 2007).

Inter-regional cooperation and coordination is also deficient (Robins & Dovers 2007) and limited by poorly designed methodologies to underpin integration at this regional scale (Paton *et al.* 2004). There is a need for consistency in planning, financial accountability, and monitoring frameworks across the regions (Agriculture and Food Policy Reference Group 2006). Better integration of coastal and marine concerns at the regional level is also required (Keogh *et al.* 2006).

On the other hand, Robins & Dovers (2007) regard improved consistency within and between states/territories and connections with local government through regional NRM board membership as strengths of the regional model. Marshall (2007) also notes that mechanisms such as the annual regional NRM bodies' chairs forum are becoming an influential means for horizontal coordination and cooperation.

## **Capability**

The dimensions of capability canvassed in the literature include business systems, finance, human resources, knowledge and information management.

Certain components of regional NRM bodies' business systems are considered to be sound, with good practice demonstrated in relation to board operations and processes, financial management, and program reporting and monitoring. Human resource management, information technology systems and management, codes of conduct, risk management, contract management, fraud control and managing conflicts of interest are areas where improvement is required (ITS Global 2006). Business process improvement is being actively pursued by some regional bodies through self assessment and by governments through systems reviews and risk based audits (Griffith *et al.* 2007). At the forefront of this approach is the NRC in NSW, which has developed a quality standard for NRM, an audit arrangement and a process for bridging capability gaps.

The adequacy of NRM funding provided by governments and the conditions imposed on regional NRM bodies for the use of these funds have attracted extensive comment. Head & Ryan (2004b), Morrison *et al.* (2004) and Head (2005) suggest that despite their magnitude, NHT/NAP investment falls short of requirements by a considerable margin. On the other hand, Beer *et al.* (2005) argue that it is not so much the amount of money but rather the various ways in which the money is given, either with conditions attached or only for limited time periods, which is problematic.

The conditions attached to funding, including constrained time periods for expenditure, make it difficult for regional organizations to adopt adaptive planning approaches and make strategic investment decisions (Beer *et al.* 2005). Security of funding is an essential ingredient to long-term success (Keogh *et al.* 2006, Robins & Dovers 2007). Project-led funding means that there may be insufficient to support core management, research and planning functions (Paton *et al.* 2004, Beer *et al.* 2005). Provision of block funding without need of investors to micromanage is regarded as the appropriate way forward (Keogh *et al.* 2006).

Head (2005) and Lane (2006) question whether many of the new regional NRM bodies have the leadership, management and planning skills necessary for delivering on their responsibilities. Furthermore, NRM staff are typically on short- to medium-term contracts, giving rise to high turnover rates and lack of career development opportunities. Such arrangements are antithetical to attracting and retaining high calibre staff and building the expertise and skills they need to deliver complex NRM programs. The expertise and trust that many staff develop over time is frequently lost when they move out of an area to obtain more secure employment.

The leadership and support being provided by governments is also of concern. In the early stages of the regional model roll out, inconsistent direction and lack of support from government agencies was accompanied by increased reporting requirements and inadequate foundation funding for planning (Farrelly 2005). Head (2005) questions the effectiveness and timeliness of in-kind provision of expertise by state/territory agencies and Marshall (2007) argues that actors at higher levels need to do more to foster capacities at the regional level. Farrelly (2005) considers that some of the problems faced by regional NRM bodies can be overcome through elevated state assistance with resources, knowledge and expertise. Similarly, Keogh *et al.* (2006) call for more direct guidance from governments on governance arrangements, target setting, project reporting, as well as on determining priorities for investment, engagement and communication.

Information to support effective decision-making is generally deficient (Mitchell *et al.* 2007). Many regional bodies lack the capacity to establish effective partnerships with scientists to assist them deepen understandings, develop solutions and establish processes of continuous learning and improvement (Head 2005). Head & Ryan (2004a) and Lane (2006) raise concerns about the scientific rigour of NRM decisions. System-wide, NRM governance has not yet delivered institutions in which citizens and experts co-produce the knowledge required to address environmental problems (Lane *et al.* 2004a, Bellamy 2007). Continued investment is required in researching and delivering high quality information to all levels of program delivery, and Keogh *et al.* (2006) suggest that a national brokering unit be established to integrate and deliver research and development data and outcomes across the regions. ITS Global (2006) also urge the implementation of a more comprehensive and inclusive structure for information and knowledge management and exchange between jurisdictions and regional bodies.

## **Adaptability**

Adaptive capacity, widely regarded as crucial to the long-term success of environmental management, requires effective mechanisms to implement programs, evaluate performance, learn from the outcomes, and revise implementation measures in a continuous cycle of planning, implementation and review. Adaptive capability is needed at the institutional level, such that governance systems can adapt to or compensate for transformative processes (Bellamy 2007), as well as at the level of particular NRM interventions and on-ground actions. System-level adaptability is made difficult by the previously noted institutional fragmentation, and is critically dependent on the broad scope and scale of collaboration amongst and coordination between NRM actors; effective management of tensions between competing interests; measures that address complex transboundary problems; and application of a more holistic and integrated

science (Bellamy 2007). As noted elsewhere in this report, while regional NRM is making useful progress in many of these areas, substantial challenges remain.

There is also evidence that regional actors are struggling to embrace the adaptive model. The most detailed study of adaptive management in regional NRM bodies was undertaken by Allan & Curtis (2005). They found that NRM actions could have been seen as management ‘experiments’, as required by the adaptive approach, but were not because they were funded by ‘implementation’ money rather than ‘research’ money. There appeared to be no expectation of learning from funded works, because there was no systematic monitoring or evaluation of most of the activities. Three sites (of hundreds) did have specific monitoring regimes, but these were established with the stated intention of demonstrating effective practices, rather than learning from them. There is a:

natural resource management culture that values activity, control, comfort, and clarity over reflection, learning, and embracing complexity and variability. The poor fit of adaptive management with current natural resource management culture goes a long way to explaining why managers have failed to use adaptive management, even when it is officially encouraged (Allan & Curtis 2005, p. 423).

ITS Global (2006) agrees that effective regional-level monitoring and evaluation frameworks and performance reporting systems need to be developed so that the efficacy of investments in NRM can be assessed. They urge that the framework should concentrate on a core set of indicators that have a high probability of accounting for multiple outcomes and are linked to social and economic elements. A focus on outputs rather than outcomes has been hindering learning (Paton *et al.* 2004).

## 5. SYNTHESIS OF INTERVIEW DATA AND THE LITERATURE

In this section we consider the common ground and points of divergence between the views expressed by our interview participants and the assertions and findings offered in the literature. As our participant data were drawn from three states, and as it would be inappropriate for us to make comment on the situation outside these jurisdictions, in this section we use ‘state’ to refer to NSW, Victoria and Tasmania, except where there are obvious system-wide implications.

Regional participants were ambivalent about the legislative base of regional NRM. On the one hand, they appreciated the legitimacy conferred by legislation, but on the other, they sought to earn legitimacy in the eyes of regional stakeholders by developing strategies that differentiate them from government. The wide-spread reliance on incentive-based instruments also means that earned legitimacy is essential to the effective functioning of regional NRM bodies. Participants and academics agreed that there has been insufficient devolution of powers to regional NRM bodies by governments, with trust (by governments) being emphasised by interview participants, while socio-political analyses underpinned academics’ arguments. Academics argued that the principle of subsidiarity should apply, whereby devolution should occur such that tasks can be undertaken at the least centralised level of governance that has the (potential) capacity to satisfactorily complete them, while representing all actors with an interest at this level. This position is broadly consistent with the views of regional participants.

However, academics and participants diverged in relation to the adequacy of democratic representation. Participants regarded the appointment of regional NRM boards on the basis of expertise and/or sectoral background as a strength of the current system, whereas several academics argued that this compromises democratic legitimacy, particularly given the absence of any formal mechanisms for downward accountability. There is a parallel here in the concern raised by some participants that regional bodies themselves, and the communities in which they are located, had no say in the design of the system. Nonetheless, several regional participants considered that community acceptance of regional NRM is a strength that continues to be built through communication, engagement and partnerships. In this sense, formal accountability to regional communities may not be necessary as long as regional NRM bodies can demonstrate a high level of earned legitimacy, although in some regions this has yet to be achieved.

Another element of system design, the boundary definitions of the 56 regions, was not a significant concern for most participants but did attract criticism from academics, with arguments that some ‘regions’ lack coherent social, economic or biophysical foundations. We agree that some revision may be desirable, but at this stage of system maturity, any significant alteration to regional boundaries in NSW, Victoria or Tasmania would probably cause more disruption to established and emergent structures and relationships than could be justified by any potential gains in social, economic and biophysical coherence.

Given that many NRM issues require action at supra-regional scales, we agree with academics’ calls for multi-level nesting of institutional responsibilities. To a large extent, such structures are already evident in the system with action taking place at regional, state and national levels, as well as by cross-regional entities in the Murray-Darling Basin and



elsewhere (Bellamy 2007). However, the communication between and coordination of these structures is poorly developed – a point we return to below in the context of system integration.

Given the above, we support greater devolution of powers and autonomy to regional NRM bodies, but at the same time agree with those academics who caution against diminution of governments' legitimate responsibilities to represent extra-regional interests and erosion of their capability to address national and international concerns and obligations. Further decentralisation of authority for regional NRM bodies to address NRM issues at the regional level should therefore be accompanied by retention or even strengthening of governments' commitments and capabilities to manage NRM concerns at jurisdictional levels.

In this context, we note regional concern about the impact of rapid policy changes on regional ability to establish mature systems and to sustain community effort and engagement, as well as apparent poor performance of some government agencies cited by participants, reflecting a failure of those agencies to earn legitimacy from regional NRM bodies. Both the haphazard performance of some state agencies in terms of service delivery, and their apparent lack of awareness or consideration of how their actions affect specific regional NRM programs, undermine the credibility of the regional model amongst some local communities and hamper the effectiveness of regional action. Equally, regional NRM bodies need to recognise and respect the legitimacy of governments' roles in the multilayer NRM governance system.

Although there are exceptions, relationships are generally well-developed and constructive between regional NRM bodies and their respective state NRM agencies and with the Australian Government; between regional NRM bodies and Australian Government NRM staff; and between state government NRM staff and Australian Government NRM staff. These connections are testament to the good will and commitment of individuals, rather than the structures and processes within which they are operating. Throughout the system, personal integrity is in the main acceptable, in some cases exemplary, and the commitment of regional decision makers, as well as some stakeholders, is a strong point of regional NRM. However, there is a need to consolidate and in some cases strengthen government agency contributions to NRM governance and service delivery.

Regional NRM bodies generally considered that their processes and responses to 'conflict of interest' issues were sound, and that probity-related matters were being effectively managed through codes of practice, training and procedures. The systems and culture are generally in place to support the integrity of regional NRM boards and staff. Participants also indicated a generally solid transparency performance, with a range of communication media being used, often targeted to particular audiences and needs, although regions that are less mature or relatively resource-poor recognised a need for improvement. Transparency has not been raised as an issue in the literature.

Upward accountability was universally accepted by participants and in the literature as an essential component of good governance. Performance of the partner regions was very good, with auditing and reporting of finances, project management and resource allocations generally well established. However, participants, academics and consultants

all commented on the unnecessarily complex and demanding reporting requirements imposed by governments. These place a considerable administrative burden on regional organizations, especially those that are relatively new. There is a need to reduce micromanagement by governments and streamline administrative and reporting processes.

Participants, academics and consultants were in agreement that role clarity is problematic, both at a systems level and for particular NRM activities such as water, native vegetation and pest plant and animal management. Further clarification of roles, responsibilities and accountabilities is needed for all organizations involved in Australian NRM, as well as the status and functions of the various strategic plans and operational instruments.

Downward accountability, which was a major theme in the academic literature, received little direct attention in the participant interviews, although to some extent such matters were dealt with in the context of inclusiveness. Academics argued that if regional bodies are not downwardly accountable to locals, as well as upwardly to governments, then decentralisation will not yield more effective and democratic natural resource management, nor establish their 'community-based' credentials. As noted above, we do not altogether agree with this view, in the sense that we doubt that there is a governance advantage in moving to an electoral model of regional representation. We accept regional participants' view that there are advantages to having board members appointed on the basis of their expertise and sectoral knowledge. We saw no evidence to suggest that, in our partner regions at least, there was any significant capture of decision-making by sectoral interests. We also note the strengthening degree of earned legitimacy being claimed by the regions, as well as their clear commitment to inclusive governance practices. However, this is only a preliminary conclusion, as we did not interview parties who are currently outside the system, and we recognise that this is a potentially significant limitation to our methodology.

All participants appear strongly committed to inclusive governance, and some regions considered this a strength of their current arrangements. However, both participants and academics noted that establishing effective engagement with several key stakeholders – Indigenous communities, 'care' groups, local governments, agribusiness, urban and environmental constituencies – remains a significant challenge. The academic view that engagement fails to sufficiently address and resolve exclusion of some stakeholders is therefore correct insofar as it represents the current status of regional NRM, but fails to recognise that regional and state government actors are well aware of this, and are progressively implementing remedial measures. These measures constitute a long-term project that appears to be heading in the right direction.

While in some sense our regional participants may be regarded as 'local elites', we do not consider that they are complicit in initiatives or processes to entrench their power – in many cases quite the contrary – we suspect that given their apparent genuine commitment to inclusiveness, most regional board members and staff would welcome other regional players taking on larger roles and sharing the massive job they face. We agree that wider societal concerns may continue to be under-represented at the regional level, but as noted above, this demands a strengthening of the system as a whole, as it is at the state and national levels where such concerns are best represented and pursued.

Another dimension of inclusiveness is the engagement of regional actors in higher-level processes. Regional participants clearly feel that this is currently inadequate, and we agree with Walter Turnbull (2005) that inclusion of regional NRM representatives in higher-level coordination and decision-making is a desirable governance reform.

The charge by some academics that regional NRM may be unwilling or unable to make the hard decisions needed to achieve landscape-scale change is a legitimate one. However, we see nothing in the dynamics of a more fully devolved and formally downwardly accountable system, as being advocated by some academics, which would resolve this issue. Again, the way forward here seems to be a more assertive policy stance from governments that gives added weight to system-wide environmental interests and imperatives. In NSW, the NRC is providing leadership in this regard through its standard and CAP reviews.

Our reading of participants' responses is that process fairness is in place at the regional level, with procedures that generally ensure consistency and absence of bias in decision-making. The main fairness issue still outstanding is the tension between a strategic approach and the fact that benefits from NRM investments are disproportionately allocated to particular areas and sectors. However, the proposition that a strategic and targeted approach is more appropriate than trying to spread effort evenly between and within regions was universally accepted by participants, and the academic literature did not offer a contrary view. Regional NRM bodies should continue to strengthen their communication regarding the justifications for a targeted investment approach, as well as continuing to bring opportunities for attracting support outside priority areas to stakeholders' attention.

Alignment of broad NRM direction across national, state and regional levels generally appears sound. The same cannot be said for the structures and processes that are charged with delivering on these directions, and as noted above, there are also gaps in the policy framework in some jurisdictions. There has been a failure on the part of state and Australian governments to both develop a coherent and integrated NRM policy framework, and to implement this in a way that does not undermine advances being made at the regional level.

A major theme in both participants' comments and the literature (the exceptions noted by Abrahams (2005) notwithstanding) is inadequate vertical and horizontal connection and coordination that are causing sub-optimal system-wide performance. Integration of NRM policy and action across national, state and regional levels is patchy and, where present, is often superficial. Connection between and coherence with NRM and other planning regimes is insufficient, with limited coordination in state NRM regulatory, planning and policy frameworks. National and state leadership is required to bring all the efforts into a coordinated program that is delivering significant large-scale outcomes.

Integration between regional NRM bodies and local government planning is on the agenda for some regions, although little substantive progress has been made, while other regions consider the current separation of planning roles as appropriate. The relationship between local government and NRM planning warrants further research. Horizontal integration between CMAs is patchy, but strengthening through fora involving regional board chairs and general managers. However, cross-jurisdictional integration at the

regional level remains limited, and participants from all three states point to competition between regions as a significant barrier – one maintained by the current neo-liberal political milieu described in the literature, despite the partnership rhetoric that pervades government characterisations of regional NRM. Nonetheless, participants offered numerous examples of effective partnerships and projects between regional NRM bodies and other regional NRM providers. The tensions and contradictions arising from the competitive business environment in which regions operate and the imperative for partnership building are an ongoing governance challenge for regional NRM bodies.

Participants indicated that regional NRM bodies generally have well-established business systems, and those that do have deficiencies make it a priority to remedy shortcomings. Consultants agreed that board operations and processes, financial management, and program reporting and monitoring are sound, but improvements were required in human resource management, information technology systems, codes of conduct, risk management, contract management, fraud control and managing conflicts of interest. We note that in some regions rapid progress has been made to remedy the identified deficiencies since these conclusions were reached, and some of the required improvements are now in place, although the relative maturity of regional NRM bodies is still a key influence on the establishment of good-practice systems.

While some academics have questioned whether many regional NRM bodies have the leadership, management and planning skills necessary for delivering on their responsibilities, we found the general calibre of boards and staff to be very high, although remote and chronically under-resourced regions continue to be disadvantaged. Where a particular skill is needed, regions are often finding ways to access the necessary expertise, particularly through partnership arrangements. Nonetheless, government imposed operational and resource limitations have contributed to the high turnover rates and lack of career development opportunities experienced by regions. As noted above, the leadership and support being provided by governments is also of concern.

Not surprisingly, a lack of financial resources was raised by both academics and regional participants as a significant capability deficit. It was also recognised that the manner in which funding is delivered and constrained by governments makes it difficult for regional organizations to make strategic long-term investments; support core management, research and planning functions; and impairs their ability to adopt adaptive planning approaches. As with conferring more substantive powers, trust by governments in regional NRM bodies was identified as a key requirement for the establishment of more durable and flexible funding arrangements. The strongly developed business systems that are now in place in most regions provide a basis for governments to grant regional NRM bodies the financial autonomy they seek.

Participants recognised that knowledge management systems, an essential ingredient of NRM capability, are generally of limited effectiveness and in some cases poorly developed. State NRM agencies were identified as the key governance layer that could develop and coordinate the delivery of such products. We found no support in the regions investigated for academic claims that many regional bodies lack the capacity to establish effective partnerships with scientists. And although concerns about the scientific rigour of NRM decisions raised by academics have some resonance with participants' comments, decision-makers in the more mature regions have demonstrated a capability to

access and employ available knowledge. The issue is that system-wide there are not yet the institutions by which citizens and experts can co-produce the knowledge required to address complex environmental problems. Establishing such institutions is a major long-term challenge for all parties involved – governments, research providers and regional NRM bodies – if the NRM system is to fulfil its adaptive potential.

The importance of establishing regional NRM bodies as learning organizations was widely recognised by participants and academics. However, few regions have fully operational systems. State and national level processes are also under-developed; this is a major weakness of the current governance structures. Again, in NSW the NRC is making a significant contribution in this regard. Some participants showed awareness that while MER systems provide for accountability, they should also be designed to give their organizations an adaptive management capacity. In general, current MER systems are insufficient to seriously embrace active adaptive management. A focus on outputs rather than outcomes is also hindering learning, particularly given the cumbersome and time consuming amendment processes required by the Australian Government to vary activities. Given that these deficiencies are a common across the system, there is a role here for governments to provide leadership in the design and implementation of such structures and procedures. Academic work has identified the cultural and institutional conditions that are antagonistic to such a system, and thus emphasised the extent of the challenge ahead.

## 6. CONCLUSION

While there is some dissent in the academic literature, the overwhelming view of our interview participants, with which we are in accord, is that the structure of the regional delivery model is generally sound and the model should be allowed time to fulfil its potential. For this to occur, however, significant advances are required in several aspects of system and regional level governance. In this regard, we note that there appears to be a high level of commitment to the regional NRM approach and a willingness to meet the challenges.

Not surprisingly, there is considerable overlap in the issues facing regional NRM bodies. Some of the variability is due to maturity, which affects organization and use of business systems, engagement, and outcomes, as well as variation in jurisdictional arrangements. In this section we summarise the main findings from our analyses of interviews with key players and the literature. As throughout this report, we present these findings according to our eight principles of good governance.

### *Principle 1. Legitimacy*

The legitimacy of the regional NRM system is moderate. Regional NRM bodies are faced with the challenge of managing tensions between legitimacy conferred on them by governments, and a perceived need to be recognised as separate from government in order to earn legitimacy from their communities<sup>4</sup>. Autonomy is a real concern. There has been insufficient devolution of powers to regional NRM bodies by the Australian Government and some state governments, with trust by governments being a key issue. There were divergent views about the adequacy of democratic representation at the regional level. Participants regarded the appointment of regional NRM boards on the basis of expertise and/or sectoral background as a strength of the current system, whereas several academics argued that this compromises democratic legitimacy, particularly given the absence of any formal mechanisms for downward accountability. In our view, formal accountability to regional communities may not be necessary as long as regional NRM bodies can demonstrate a high level of earned legitimacy, though in some regions this has yet to be achieved.

While we support greater devolution of powers and autonomy to regional NRM bodies, this should not diminish governments' legitimate responsibilities to represent extra-regional interests or erode their capability to address national and international concerns and obligations. Retention or even strengthening of governments' commitments and capabilities to manage higher-level NRM concerns should accompany further decentralisation of authority to regional NRM bodies.

Throughout the system, personal integrity of the key players appears sound, with the commitment of regional decision makers, as well as some stakeholders, a key strength of

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<sup>4</sup>A NSW Government agency staff member, in commenting on an earlier draft of this report, challenged the notion that regional NRM bodies need to deny formal associations with state governments. S/he believes that this perception has been encouraged to focus community attention on the Australian Government as funding provider, when in fact the NSW Government, for example, are also investing heavily in regional NRM. This may be the case, but we still consider that the tension between community acceptance and status as an arm of government is a real one.

regional NRM. Processes and responses to ‘conflict of interest’ issues are sound, and probity-related matters are being effectively managed through codes of practice, training and procedures. Questions linger, however, over the genuineness of some governments’ commitment to NRM. There is a need to consolidate and in some cases strengthen government agency contributions to NRM governance and service delivery.

#### *Principle 2. Transparency*

The transparency of regional NRM bodies is strong. A range of communication and reporting media is used often targeted to particular audiences and needs, though regions that are less mature or relatively resource-poor recognise a need for improvement.

#### *Principle 3. Accountability*

The accountability of the regional NRM system is moderate. The importance of upward accountability of regional NRM bodies to government is well established through auditing and reporting of finances, project management and resource allocations. However, reporting requirements imposed by governments are unnecessarily complex and demanding. There is a need to reduce government micromanagement and streamline administrative and reporting processes.

Role clarity is a key accountability weakness, both at a systems level and for particular NRM activities such as water, native vegetation and pest plant and animal management. Further clarification of roles, responsibilities and accountabilities is needed for all organizations involved in Australian NRM, as well as the status and functions of the various strategic plans and operational instruments.

Downward accountability of regional NRM bodies to their communities is required for democratic NRM governance. As noted under *legitimacy*, we doubt that there is a governance advantage in providing this accountability through an electoral model of regional representation, and instead recommend a focus on further strengthening earned legitimacy and inclusive governance practices.

#### *Principle 4. Inclusiveness*

The inclusiveness of the regional NRM system is moderate. All participants were strongly committed to inclusive governance, and some regions considered this a strong point of their current arrangements. However, both participants and academics noted that establishing effective engagement with several key stakeholders – Indigenous communities, ‘care’ groups, local governments, agribusiness, urban and environmental constituencies – remains a significant challenge. Engagement of regional actors in higher-level processes is currently inadequate, and inclusion of regional NRM representatives in higher-level coordination and decision-making is a desirable governance reform. Wider societal and environmental concerns tend to be under-represented at the regional level – this demands a strengthening of the system as a whole, as it is at the state and national levels where such concerns are best represented and pursued.

### *Principle 5. Fairness*

The fairness of regional NRM bodies is moderate to strong. Decision-making procedures generally ensure consistency and absence of bias in decision-making. The tension between a strategic approach and the disproportionate allocation of NRM benefits across areas and sectors remains a concern. While the proposition that a strategic and targeted approach is more appropriate than trying to spread effort evenly between and within regions seems appropriate, the use of formal procedures to track, justify and communicate the distribution of costs and benefits arising from NRM decisions is desirable. Extending the application of procedures that, on the one hand, provide for effective conflict management and, on the other, foster a culture in which mutual respect, active listening, honesty, as well as lack of distortion, manipulation and deception become the norm could also advance governance fairness.

### *Principle 6. Integration*

The integration of the regional NRM system is weak to moderate. Alignment of broad NRM direction across national, state and regional levels generally appears sound. Unfortunately the same cannot be said for the structures and processes that are charged with delivering on these directions. While communication, if not coordination, between some regions, state NRM agencies, and Australian Government NRM staff, is well developed and apparently constructive, inadequate vertical and horizontal connection and coordination is leading to sub-optimal system-wide performance. Integration of NRM policy and action across national, state and regional levels is patchy, and where present, often superficial. Connection between and coherence with NRM and other planning regimes is insufficient, with limited coordination in state NRM regulatory, planning and policy frameworks. National and state leadership is required to bring all the efforts into a coordinated program that is delivering significant large-scale outcomes.

Horizontal integration between CMAs is patchy, but strengthening through fora involving regional board chairs and general managers. However, cross-jurisdictional integration at the regional level is limited, and competition between regions remains a barrier. Nonetheless, effective partnerships and projects between regional NRM bodies and with other regional NRM providers are being developed. The tensions and contradictions arising from the competitive business environment in which regions operate and the imperative for partnership building are an ongoing governance challenge for regional NRM bodies.

### *Principle 7. Capability*

The capability of the regional NRM system is moderate to weak. Regional NRM bodies generally have well-established business systems, and those that do have deficiencies are making it a priority to remedy the shortcomings. Board and staff members of regional NRM bodies are generally high calibre and experienced, although remote and chronically under-resourced regions continue to be disadvantaged in attracting and retaining suitably qualified staff. Government imposed operational and resource limitations have contributed to the high turnover rates and lack of career development opportunities experienced by regions. The leadership and support being provided by governments is also of concern.



The current level of investment in NRM continues to produce a significant capability deficit, but even more important is the manner in which funding is delivered and constrained by governments. More durable and flexible funding arrangements are needed so that regional NRM bodies can make strategic long-term investments; adequately support core management, research and planning functions; and adopt adaptive planning and management approaches. The strongly developed business systems that are now in place in most regions provide a basis for governments to grant regional NRM bodies the financial autonomy they need.

Knowledge management systems are generally of limited effectiveness and in some cases poorly developed. State NRM agencies were identified as the key governance layer that needs to develop and coordinate the delivery of such products. System-wide there are not yet the institutions by which citizens and experts can co-produce the knowledge required to address environmental problems. This is a major long-term challenge for all parties involved: governments, research providers and regional NRM bodies.

#### *Principle 8. Adaptability*

The adaptability of the regional NRM system is moderate to weak. System-level adaptability is made difficult by cumbersome and time-consuming amendment processes, institutional fragmentation and related transboundary issues, tensions between competing interests, and poorly integrated knowledge generation and management. While the importance of establishing regional NRM bodies as learning organizations is widely recognised, few regions have fully operational systems. State and national level processes are also under-developed. This is a major weakness of the current governance structures. Though current and emerging MER systems provide for accountability, they are insufficient to give their organizations an operational adaptive management capacity. Given that this is system-wide issue, there is a role for governments to provide leadership in the design and implementation of such structures and procedures, and a need for all organizations to tackle the current antagonistic cultural and institutional conditions.

Finally, readers should interpret the conclusions presented in this report taking into account that they principally apply to the nine partner regions and related state jurisdictions, as well as certain aspects of Australian Government involvement in the system. We do not make any claims about their applicability to the 47 other regional NRM bodies and other state and territory jurisdictions.

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## **APPENDIX 1. INTERVIEW SCHEDULE**

### **Introductory statements**

- Briefly go over the information sheet
- Verbal account of the project – running sheet based on inside front cover of report
- Define governance – state definition from Report 1

### **Question Set 1**

*Given our description of ‘governance’, which elements of NRM governance are you doing well at? How do you know you are doing well?*

Probes as needed:

- How are power and responsibilities distributed and exercised?
- How are decisions taken?
- How do people have their say?

*Which elements of NRM governance, if any, is the [CMA body, State Agency, Australian Government Agency] doing well at? How do you know they are doing well?*

### **Question Set 2**

*What are the key challenges for NRM governance that are faced by your [CMA body, State Agency, Australian Government Agency]?*

Probes as needed:

- Can you say more about that?
- Who was involved?
- Did you raise that concern with that [CMA body, State Agency, Australian Government Agency]?
- What was their response?
- Can you think of any other challenges [Probe from the principles where appropriate]?

*Have you addressed any of these NRM governance challenges?*

**IF YES**

*How? How effective do you think this response has been? How did you or how would you judge the effectiveness of this response?*

**IF NO**

*Why not? What would help you to make a response?*

### **Question Set 3**

*Have you read our report on good governance principles for regional NRM?*

**IF YES**

*Do you agree with them? Are they all needed? Is there anything missing?*